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D & B BUSINESS RECORDS PLUS  
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BUSINESS ABSTRACT REPORT

Database Ending Date: 06-25-1999

Agency: Dun & Bradstreet, Inc.

D-U-N-S Number: 96-102-5129

Name: PHILLIPS PETROLEUM COMPANY (INC)

Address: 300 W 6TH ST

BORGER TX 79007-4162

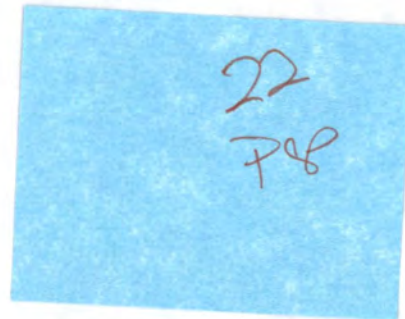
Telephone No: (806)-273-2831

Mailing Address: P O BOX 8000

BORGER TX 79008

Related Name: PHILLIPS PETROLEUM COMPANY

MA0|Business Abstract



D & B BUSINESS RECORDS PLUS

Line of Business: CRUDE PETROLEUM/NATURAL GAS PRODUCTION

Business Type: BRANCH LOCATION

SIC Codes(s): 13110000 CRUDE PETRO NATRL GAS

County: HUTCHINSON

Principal Executive Here: SPELL , DENNIS - MGR

PHILLIPS PETROLEUM COMPANY

Headquarters

D-U-N-S Number: 00-136-8265

PHILLIPS PETROLEUM COMPANY

Ultimate Company

D-U-N-S Number: 00-136-8265

Number of Accounts: N/A

MA0|Business Abstract

D & B BUSINESS RECORDS PLUS  
This Business Is: Publicly Held

	Current Year*	Trend Year	Base Year
Annual Sales:	\$76,000	\$N/A	\$N/A
Growth-Base to Trend:		N/A	
Net Worth:	\$N/A		

Employees Here:	1		
Employees Total:	N/A	N/A	N/A
Growth-Base to Trend:		N/A	

\* estimated sales

TREND YEAR = year prior to Current Year

BASE YEAR = 3 years prior to Current Year

MA0|Business Abstract

D & B   B U S I N E S S   R E C O R D S   P L U S

Reports available for:

00-136-8265

Name: PHILLIPS PETROLEUM COMPANY INC

Location: BARTLESVILLE, OK

1. FULL FINANCIAL & BUSINESS RECORD - the BUSINESS RECORD, plus up to three years of expanded financial statement information and industry comparisons
2. FINANCIAL ABSTRACT & BUSINESS RECORD - the BUSINESS RECORD, plus a single period of expanded financial statement information and industry comparisons
3. BUSINESS RECORD - company overview, history and operations, executive biographical information
4. FAMILY TREE - company overview, intra-company relationships

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BUSINESS RECORD & FINANCIAL ABSTRACT

Database Ending Date: 06-25-1999

Agency: Dun & Bradstreet, Inc.

Company Name: PHILLIPS PETROLEUM COMPANY INC

Address: 411 S KEELER AVE  
BARTLESVILLE OK 74003

Net Worth: 4,814,000,000

Gross Sales: 15,424,000,000

D-U-N-S Number: 00-136-8265

Telephone Number: (918)-661-6600

Year Started: 1917

SIC Codes(s): 2911 PETROLEUM REFINING  
5541 GASOLINE SERVICE STA

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D & B   B U S I N E S S   R E C O R D S   P L U S

5171   PETROLM BLK STNS TRML  
4612   CRUD PETRO PIPE LINE  
2869   INDUS ORGANIC CHEMS  
2821   PLASTICS MATERIAL

Employees Total: 17100

Employees Here: 3700

Line of Business: REFINING MKTG PROD TRNSP

Related Names: PHILLIPS 66 COMPANY

Public/Private: Public

HISTORY

01/07/99

W W ALLEN, CHB & CEO+   J J MULVA, PRES & COO+

C L BOWERMAN, EX V PRES+   J BRYAN WHITWORTH, SR V PRES &

GENERAL COUNSEL

DIRECTOR(S):   The officers identified by (+) and Norman R Augustine,

George B Beitzel, David L Boren, Robert E Chappell Jr, Lawrence S

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Eagleburger, Larry Dean Horner, Randall L Tobias, Victoria J Tschinkel and Kathryn C Turner.

OUTSTANDING CAPITAL STOCK: As of Dec 31 1997, there were 306,380,511 shares common issued less 14,000,882 shares held in the treasury.

BACKGROUND/OWNERSHIP:.

Business started 1917.

This is a publicly held company. Shares are traded on the New York, Pacific, and Toronto exchanges. As of Jan 31 1998, there 59,272 stockholders of record. As of Feb 28 1998, Vanguard Fiduciary Trust Company, Valley Forge, PA, beneficially owned 16.38% of the outstanding common stock. No one other shareholder beneficially owned as much as 5%. All officers and directors as a group beneficially owned less than 1%.

OTHER HISTORY: On Oct 23 1989, an explosion and fire occurred at the Houston Chemical Complex owned by the company's wholly owned subsidiary, Phillips 66 Company, which resulted in 23 fatalities. The MA0|Financial Abstract



D & B BUSINESS RECORDS PLUS

company's U S polyethylene manufacturing facilities were destroyed in the accident. The facilities were covered by property insurance for the actual replacement cost of the damaged facilities.

OFFICERS BACKGROUND:.

W W ALLEN born 1936. Graduated from Oklahoma State University 1959 BS and Oklahoma State University 1969 MME. 1959-61 US Army, captain. 1961 joined subject. 1989 elected sr v pres exploration and production. Subsequently president and chief operating officer and on May 1 1994, Chairman of the Board and Chief Executive Officer.

J J MULVA born 1946. Graduated from the University of Texas 1968 with BBA and 1969 with MBA. 1969-73 USN. 1973 joined subject. May 1 1994 became President and Chief Operating Officer.

C L BOWERMAN born 1939. Graduated from Wabash College 1961 BS. 1961 joined subject. 1988 elected senior vice president petroleum products. Subsequently executive vice president.

J BRYAN WHITWORTH born 1938. Graduated from the University of Alabama 1961 with BSBA and 1964 with JD. 1971 joined subject.

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D & B B U S I N E S S R E C O R D S P L U S

OTHER EXECUTIVE OFFICERS: KNUT AM, sr v pres exploration & production; ROBERTO G CECONI, sr v pres corporate engineering; RAJ K GKUPTA, v pres strategic planning; L HEDRICK, ex v pres; J L HOWE, sr v pres chemicals and plastics; J C MIHM, sr v pres corporate technology; T C MORRIS, sr v pres and CFO; M J PANATIER, pres and CEO (Cont'd) of Phillips Gas Company; B Z PARKER, sr v pres refining, marketing and transportation; BARBARA PRICE, v pres health, environment and safety.

OUTSIDE DIRECTORS:

AUGUSTINE. Is Chairman of the Board of Lockheed Martin Corporation.

BEITZEL. Is retired senior vice president and director, International Business Machines Corporation.

BOREN. Is president of the University of Oklahoma.

CHAPPELL JR. Is a self employed investment and management consultant.

EAGLEBURGER. Senior foreign policy advisor at the Washington, D.C. law firm of Baker, Donelson, Bearman & Caldwell. Former U.S.

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D & B B U S I N E S S R E C O R D S P L U S

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secretary of state.

HORNER. Is chairman of Pacific USA Holdings Corporation.

TOBIAS. Is Chairman and Chief Executive officer of Eli Lilly and Company.

TSCHINKEL. Is sr consultant to Landers & Parsons in Tallahassee, FL.

TURNER. Is chairperson and chief executive officer of Standard Technology, Inc.

Phillips Petroleum Company has interests of 20% to 50% in numerous related companies engaged in refining, chemical manufacturing, cordage manufacturing, pipeline transportation and storage. The company has service and merchandise transactions on 30 day terms with certain of the affiliates, and makes advances to certain of the affiliates. The company is also contingently liable for certain obligations of the affiliated companies.

OPERATION

01/07/99 On a consolidated basis this company is engaged in petroleum  
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exploration and production on a worldwide basis and in petroleum refining and marketing in the United States. The company also produces and distributes chemicals worldwide. The company divides its operations as follows: Petroleum refining, marketing and transportation (48.3%); chemical manufacturing (23.2%); oil and gas exploration and production (22.2%) and gas and gas liquids manufacturing (6.3%).

Refineries produce automotive gasoline, distillates, LPG, aviation fuels and chemical feedstock. Marketing operations consist of the sale of petroleum through service stations, bulk distributing plants, airport dealers and marinas. Transportation operations consist of company operated crude petroleum pipelines.

Chemical products include ethylene, propylene, polyethylene, polypropylene and K-Resin, cyclohexane, paraxylene specialty chemicals and plastic pipe.

Terms are net 30 days, net 60 days and contract arrangements.

Has 30,000 account(s). Sells to service stations, bulk plants,  
MA0|Financial Abstract

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industrial accounts and other marketing outlets.

Territory :

International.

EMPLOYEES: 17,100 which includes officer(s). 3,700 employed  
here.

FACILITIES: Owns 268,286 sq. ft. in multi story brick and steel  
office.

LOCATION: Central business section on well traveled street.

BRANCHES: The company has numerous branches nationwide including  
three refineries in Borger and Sweeny, TX, and Woods Cross, UT.  
The company owns common carrier crude oil and products pipeline  
systems, together with the necessary pumping stations and terminals.

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GLOBAL ACTIVITY.

The following section is a global summary and is intended to assist  
D&B's non-U.S. customers when evaluating D&B reports on U.S.  
companies.

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D & B   B U S I N E S S   R E C O R D S   P L U S

.....  
IMPORT/EXPORT ACTIVITY.

(Cont'd) Not Reported.

.....  
Based on information in our file, D&B has assigned this company an extended 8 digit SIC. D&B's use of 8 digit SICs enables us to be more specific to a company's operations than if we use the standard 4 digit code.

29110000.

55419901.

51719901.

46120000.

28690000.

28210000.

.....  
GLOBAL NEWSWORTHY EVENTS.

(0998) PURCHASE OF ASSET: According to published reports, the company  
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D & B BUSINESS RECORDS PLUS

announced it has acquired a stake in an exploration project in the Kazakhstan sector of the Caspian Sea. Phillips Petroleum Kazakhstan, Ltd signed an agreement with the Republic of Kazakhstan to acquire a one-fourteenth interest in 10 blocks offshore Kazakhstan.

(0199) ANNOUNCED WORK FORCE CHANGES: According to published reports and a source contacted, Phillips Petroleum Company (Inc), d/b/a Phillips 66 Company, located at 411 S Keeler Ave, Bartlesville, OK, announced plans to cut 1,400 jobs worldwide, primarily in exploration and production. About 400 of the 850 jobs cut in the United States will be from the corporate headquarters in Bartlesville, OK, and 550 jobs from it's foreign operations. Employees will be notified in mid January 1999 and layoffs will last over the next several months.

SUBSIDIARIES: The company has numerous consolidated subsidiaries worldwide. Most are in connection with foreign operations. The principal domestic subsidiaries operate gas and gas liquids operations, refining, marketing and transportation operations and chemical operations. The parent company provides management services  
MA0|Financial Abstract

D & B BUSINESS RECORDS PLUS  
and makes advances to subsidiaries and there are extensive merchandise  
and service transactions on 30 day terms, but no other intercompany  
relations. Most are 100% owned.

	Company	Change	Company	Indust
ry	\$	%	%	Norm %
Total Assets:	13,964,000	0.8		
Total Current Assets:	2,575,000	-2.8	18.4	39.7
Fixed Assets:	10,173,000	1.5	72.9	43.5
Other Non-current Assets:	1,216,000	2.2	8.7	16.8
Total Liabilities:	13,964,000	0.8		
Total Current Liabilities:	2,264,000	-7.4	16.2	28.8
Other Long Term Liab.:	5,068,000	-23.2	36.3	23.9
Net Worth:	4,888,000	1.5	35.0	44.6

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D & B BUSINESS RECORDS PLUS					
Net Profit After Tax:					2.5
		%	Ind. Quartiles		
RATIOS: Company		Change	Upper	Median	Lower
Quick Ratio: 0.8			0.9	0.7	0.5
Current Ratio: 1.1			1.8	1.3	0.9
Total Liab. to Net Worth:	185.7	-1.2	75.2	178.3	226.5
Sales to Inventory:			17.7	12.4	10.2
Return on Sales:			5.1	2.5	-0.1
Return on Assets:			5.7	2.7	0.9
Return on Net Worth:			16.5	10.0	3.8

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BUSINESS RECORD & FINANCIAL ABSTRACT

Database Ending Date: 06-25-1999

Agency: Dun & Bradstreet, Inc.

Company Name: PHILLIPS PETROLEUM COMPANY INC

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BARTLESVILLE OK 74003

Net Worth: 4,814,000,000

Gross Sales: 15,424,000,000

D-U-N-S Number: 00-136-8265

Telephone Number: (918)-661-6600

Year Started: 1917

SIC Codes(s): 2911 PETROLEUM REFINING  
5541 GASOLINE SERVICE STA

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WORLDBASE BUSINESS ABSTRACT REPORT

Database Ending Date: 06-04-1999

Agency: Dun & Bradstreet, Inc.

Report Date: 04-08-1992

D-U-N-S Number: 04-263-4899

Name: PHILLIPS PETROLEUM COMPANY INC

Address: 152 N DURBIN ST

CASPER WYOMING 826011931

Country: USA

Telephone No: 3072375960

MA0 | International Business Abstract

D & B BUSINESS RECORDS PLUS

Line of Business: CRUDE PTRLM NAT GA

Business Type: SINGLE LOCATION

SIC Codes(s): 1311 CRUDE PETRO NATRL GAS

County: NATRONA

Principal Executive Here: SPENCER O DIST - SUPERINTENDENT

This Business Is: Not an importer/exporter

Employees Here: 14

Employees Total: N/A

Sales Volume: \$N/A

Latest Annual Sales: \$N/A

MA0|International Business Abstract

D & B B U S I N E S S R E C O R D S P L U S

DUNS: 04-263-4899	DATE PRINTED		
PHILLIPS PETROLEUM COMPANY	JUL 21 1999	RATING	NQ
(INC)			

152 N DURBIN	SIC NO.
CASPER WY 82601	13 11
TEL: DISCONNECTED	

SPENCER ODEN, DIST SUPT

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SPECIAL EVENTS

MA0|Business Information



D & B BUSINESS RECORDS PLUS

04/08/92 On April 8 1992, sources stated that branch no longer operates a  
t

captioned address under captioned name.

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\* \* \* CUSTOMER SERVICE \* \* \*

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If you have questions about this report, please call our Customer Service  
Center at 1-800-234-3867 from anywhere within the U.S. If you are outside the  
U.S., contact your local D&B office.

\*\*\* Additional Decision Support Available \*\*\*

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are available to help you evaluate this company or its industry. Call Dun &  
Bradstreet's Solution Center at 1-800-362-3425 from anywhere within the U.S.

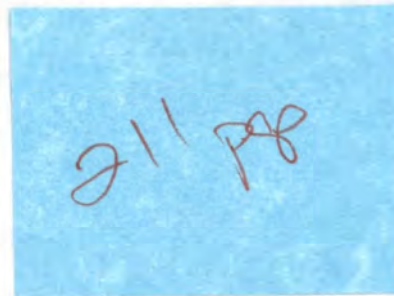
07-21(235 /235)

065 195

MA0|Business Information



**PIONEER**  
NATURAL RESOURCES



SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

## Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1998

Commission File Number: 1-13245

**Pioneer Natural Resources Company**  
(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**75-2702753**

(I.R.S. Emplo  
Identificati

**1400 Williams Square West, 5205 N. O'Connor Blvd., Irving, Texas**  
(Address of principal executive offices)

**75039**  
(Zip Code)

Registrant's telephone number, including area code:  
**(972) 444-9001**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each excha on which register
Common Stock, par value \$.01.....	New York Stock Exc

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of Registrant's knowledge, in definitive proxy or



information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Aggregate market value of the voting stock held by non-affiliates of the  
 Registrant as of February 26, 1999..... \$ 485,5  
 Number of shares of Common Stock outstanding as of February 26, 1999..... 100,3

### Documents Incorporated by Reference:

(1) Proxy Statement for Annual Meeting of Shareholders to be held May 20, 1999 — Referenced in Part III of this report.

## PIONEER NATURAL RESOURCES COMPANY

### CROSS REFERENCE SHEET

Pursuant to National Policy Statement No. 47 (Canada)  
 (Annual Information Form ("AIF"))

Item Number and Caption of AIF -----	Heading or Location in Form 10-K -----
1. Incorporation	Item 1. Business
2. General Development of the Business	Item 1. Business
3. Narrative Description of the Business	Item 1. Business
4. Selected Consolidated Financial Information	Item 2. Properties Item 6. Selected Financial Data
5. Management's Discussion and Analysis	Item 8. Financial Statements and Su Item 7. Management's Discussion and Financial Conditions and Re Item 7A. Quantitative and Qualitativ Market Risk
6. Market for Securities	Item 5. Market for Registrant's Com Stockholder Matters
7. Directors and Officers	Item 10. Directors and Executive Off Registrant
8. Additional Information	Item 11. Executive Compensation Item 12. Security Ownership of Certa and Management Item 13. Certain Relationships and R

*Parts I and II of this Report contain forward looking statements that involve risks and uncertainties. Accordingly, no assurances can be given that the actual events and results will not be materially different than the anticipated results described in the forward looking statements. See "Item 1. Business — Competition, Markets and Regulation" and "Item 1. Business — Risks Associated with Business Activities" for a description of various factors that could materially affect the ability of the Company to achieve the anticipated results described in the forward looking statements.*

## PART I

*Unless otherwise specified, all dollar amounts are expressed in United States dollars. Certain oil and gas terms used in this Report are defined under "Item 1. Business — Definition of Certain Oil and Gas Terms".*

### ITEM 1. BUSINESS



## General

Pioneer Natural Resources Company ("Pioneer," or the "Company") was formed in April 1997 as a Delaware corporation and, prior to August 7, 1997, had not conducted any significant activities. Effective as of August 7, 1997, Parker & Parsley Petroleum Company ("Parker & Parsley"), formerly a Delaware corporation, and MESA Inc. ("Mesa"), formerly a Texas corporation, completed their business combination pursuant to an Amended and Restated Agreement and Plan of Merger dated as of April 6, 1997 (the "Merger Agreement"). On December 18, 1997, the Company's asset base was significantly expanded by the acquisition of the Canadian and Argentine oil and gas business of Chauvco Resources Ltd. ("Chauvco"), a publicly traded independent oil and gas company based in Calgary, Canada.

Both the merger with Mesa and the acquisition of Chauvco were accounted for as purchases by the Company (formerly Parker & Parsley). As a result, the historical financial, reserve and other statistical information for the Company are those of Parker & Parsley prior to August 1997. The Company's financial, reserve and other statistical information present the addition of Mesa's and Chauvco's assets and liabilities as acquisitions in August and December 1997, respectively.

The Company's proved reserves at December 31, 1998 totaled 677 million BOE, representing \$1.6 billion in PV 10 Value. Of the total, United States reserves represent 78 percent of the BOEs and 74 percent of the PV 10 Value.

The Company's business activities are conducted through wholly-owned subsidiaries and are comprised of the business activities formerly conducted by Parker & Parsley, Mesa and Chauvco. Drilling and production operations are principally located domestically in Texas, Kansas, Oklahoma, Louisiana, New Mexico and offshore Gulf of Mexico and internationally in Argentina and Canada.

The Company's executive offices are located at 1400 Williams Square West, 5205 N. O'Connor Blvd., Irving, Texas 75039; the Company's telephone number is (972) 444-9001. The Company maintains other offices in Midland, Texas; Buenos Aires, Argentina; Calgary, Canada; and Capetown, South Africa. At December 31, 1998, the Company had 1,016 employees, 475 of which were employed in field and plant operations.

## Mission and Strategies

The Company's mission is to provide shareholders with superior investment returns through strategies that maximize Pioneer's long-term profitability and net asset value. The strategies employed to achieve this mission are anchored by the Company's long-lived Hugoton and West Panhandle gas fields and Spraberry oil field reserves and production. Underlying these fields are approximately sixty percent of the Company's proved oil and gas reserves which have a remaining production life of approximately forty years. The stable base of oil and gas production from these fields generate operating cash flows that allow Pioneer the financial flexibility to protect long-term net asset values during cycles of depressed oil or gas prices and, during favorable oil and gas price environments, more aggressively pursue capital investment strategies of: (a) developing and increasing production from existing properties through low-risk development drilling and other activities, (b) concentrating on defined geographic areas to achieve operating and technical efficiencies, (c) pursuing strategic acquisitions in the Company's core areas that will complement the Company's existing asset base and that will provide additional growth opportunities, (d) utilizing or acquiring technological and operating efficiencies to selectively expand into new geographic areas that feature producing properties and provide exploration/exploitation opportunities, (e) allocating the personnel and technology necessary to increase the Company's exploration opportunities and (f) maintaining financial flexibility to take advantage of additional exploration, development and



acquisition opportunities. Additionally, to further align the interests of management and shareholders, Pioneer encourages high levels of equity ownership among senior managers and the Company's Board of Directors. The Company is committed to continuing to enhance shareholder investment returns through adherence to these strategies.

## **Business Activities**

### ***Business Environment***

The Company is an independent oil and gas exploration and production company whose operating cash flows are primarily impacted by production volumes, realized oil and gas prices, production costs, interest expense and general and administrative expense.

Approximately sixty percent of Pioneer's proved oil and gas reserves underlie the Hugoton and West Panhandle gas fields and the Spraberry oil field, which are characterized by long-lived, relatively stable oil and gas production. These fields serve to reduce volatility in the Company's short-term production volumes.

The realized oil and gas prices that Pioneer reports are based on the market price received for the commodity adjusted by the results of the Company's hedging activities. See "Marketing of Production" below. Historically, worldwide oil and gas prices have been volatile and subject to significant changes in response to real and perceived conditions in world politics, weather patterns and other fundamental supply and demand variables. Since the third quarter of 1997, there has been a declining trend in world oil prices and, more recently but to a lesser extent, natural gas prices. During cycles of depressed commodity prices, such as the current cycle, the Company has the ability to reduce its capital investments, without a significant impact to production volumes, which allows the Company to control long-term debt levels and to protect its net asset values. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations".

During 1998, the Company implemented cost containment measures intended to reduce future production and administrative costs. These measures included the closings of the Company's regional offices in Oklahoma City, Oklahoma, Corpus Christi, Texas, and Houston, Texas and the elimination of approximately 350 employee positions. Associated with these measures, the Company recognized reorganization charges of \$33.2 million during 1998. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note N to Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data".

The Company's interest expense is essentially dependent upon debt levels and prevailing interest rates. Pioneer intends to reduce its capital expenditures during 1999 to approximately \$100 million and to divest certain oil and gas assets in 1999 or 2000 for approximately \$500 million to \$600 million of divestment proceeds. See "Asset Divestitures" below. The liquidity provided by these actions is expected to allow the Company to reduce outstanding indebtedness during 1999. Although the Company anticipates that these divestments will occur in 1999 or in 2000, the finalization of the transactions are contingent upon the Company's ability to find one or more purchasers willing to purchase the non-strategic assets at prices acceptable to the Company and the purchasers' ability to complete the transaction. There can be no assurances that the Company will be successful in completing the divestitures in 1999 or in 2000. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations".

### ***Production***



The Company focuses its efforts towards maximizing its average daily production of oil and gas through development and exploratory drilling, production enhancement activities and acquisitions of producing properties. Average daily oil and gas production have each increased every year since 1991 with the exception of 1996 when average daily production declined due to significant property dispositions. Comparing 1993 to 1998, average daily oil and NGL production has increased 327 percent and average daily gas production has increased 352 percent, while production costs per BOE have declined 35 percent. Production, price and cost information with respect to the Company's properties for each of 1998, 1997 and 1996 is set forth under "Item 2. Properties — Selected Oil and Gas Information — Production, Price and Cost Data".

### ***Drilling Activities***

The Company seeks to increase its oil and gas reserves, production and cash flow by concentrating on drilling low-risk development wells and by conducting additional development activities such as recompletions. From the beginning of 1994 through the end of 1998, the Company drilled 2,567 gross (1,777 net) wells, 93 percent of which were successfully completed as productive wells, at a total cost (net to the Company's interest) of \$1.3 billion. During 1998, the Company drilled 568 gross (431 net) wells for a total cost (net to the Company's interest) of approximately \$430 million, 70 percent of which was spent on development wells and related facilities. The Company's current 1999 capital expenditure budget is \$100 million, which the Company has allocated as follows: \$75 million to exploitation activities, and \$25 million to exploration activities.

The Company believes that its current property base provides a substantial inventory of prospects for future reserve, production and cash flow growth. The Company's reserves as of December 31, 1998 include proved undeveloped and proved developed non-producing reserves of 43.3 million Bbls of oil and NGLs and 369 Bcf of gas. The timing of the development of these reserves will be dependent upon the commodity price environment, the Company's expected operating cash flows and the Company's financial condition. The Company believes that its current portfolio of undeveloped prospects provides attractive development and exploration opportunities for at least the next three to five years.

### ***Exploratory Activities***

Over the past three years, the Company has dedicated an increasing percentage of its annual exploration/exploitation capital budget to exploratory projects: 18 percent in 1996, 28 percent in 1997 and 30 percent in 1998. As a result of the downturn in commodity prices, the Company's 1999 capital budget has been limited to \$100 million and the portion of the budget dedicated to exploration activities is targeted at approximately \$25 million. The Company currently anticipates that its 1999 exploration efforts, although curtailed, will be concentrated domestically in the Gulf of Mexico and onshore Gulf Coast region. The Company will participate in one or two wells in the Gulf of Mexico deep-water Mississippi Canyon Block 305 and in two wells in either the onshore Gulf Coast area or in East Texas where several shallower exploration prospects have been defined from Pioneer's 3-D database. The Company's exploration programs in South Africa, Gabon, and the Gulf Coast transition zone are targeted for comprehensive studies that will focus on analysis, ranking and timing of prospects during 1999. Exploratory drilling involves greater risks of dry holes or failure to find commercial quantities of hydrocarbons than development drilling or enhanced recovery activities. See "Item 1. Business — Risks Associated with Business Activities — Risks of Drilling Activities" below.

### ***Asset Divestitures***



The Company regularly reviews its property base for the purpose of identifying non-strategic assets, the disposition of which would increase capital resources available for other activities and create organizational and operational efficiencies. While the Company generally does not dispose of assets solely for the purpose of reducing debt, such dispositions can have the result of furthering the Company's objective of financial flexibility through decreased debt levels.

During 1998 and 1997, the Company's asset disposition activity primarily consisted of the sale of oil and gas properties for proceeds of \$21.9 million and \$115.7 million, respectively, which resulted in a 1998 pre-tax net loss of \$445 thousand and a 1997 pre-tax net gain of \$5.0 million. During the year ended December 31, 1996, the Company sold certain wholly-owned subsidiaries for proceeds of \$183.2 million resulting in a pre-tax gain of \$83.3 million and certain non-strategic domestic assets for proceeds of \$58.4 million that resulted in the recognition of a pre-tax net gain of \$13.8 million. The proceeds from the asset dispositions were used to reduce the Company's outstanding bank indebtedness and to provide funding for a portion of the Company's capital expenditures, including purchases of oil and gas properties in the Company's core areas.

The Company has announced its intentions to sell non-strategic oil and gas assets for gross proceeds of \$500 million to \$600 million in 1999 and 2000. In February 1998, the Company announced its intentions to sell domestic non-strategic properties and subsequently signed a purchase and sale agreement (the "Agreement") to sell certain oil and gas properties representing approximately 10 percent of the Company's proved reserves. In December 1998, Pioneer announced the re-negotiation of the Agreement and the sale of an exclusive and irrevocable option to the counter-parties to purchase the same properties on or before March 31, 1999. The proceeds associated with the re-negotiated terms total \$335 million, of which \$41 million represents an irrevocable option fee that has been paid to the Company as of December 31, 1998. The Company's realization of the remaining \$294 million of proceeds, which would be used to reduce outstanding indebtedness, is primarily dependent upon the buyer's ability to finance the purchase and certain other contingencies defined in the Agreement. As a result, there can be no assurance that the divestiture of any or all of the properties will be completed or that the remaining proceeds will be realized. The Company is continuing to review its portfolio of oil and gas properties to identify other non-strategic properties for divestiture. The realization of the Company's plans to divest of the other non-strategic oil and gas properties in 1999 or in 2000 is contingent upon, among other things, the Company's ability to find one or more purchasers' willing to purchase the non-strategic assets at prices acceptable to the Company and the purchasers' ability to complete the transaction. There can be no assurances that the Company will be successful in completing the divestitures in 1999 or in 2000.

The Company anticipates that it will continue to sell non-strategic properties from time to time to increase capital resources available for other activities, to achieve operating and administrative efficiencies and to improve profitability.

### ***Acquisition Activities***

**General.** The Company regularly seeks to acquire properties that complement its operations and provide further development opportunities and cost-reduction potential. In addition, the Company pursues strategic acquisitions that will allow the Company to expand into new geographical areas that feature producing properties and provide development or exploration opportunities. During 1998, the Company reduced its emphasis on major acquisitions and, instead, concentrated its efforts on maximizing the value of the properties acquired in 1997. During 1997, the Company completed three major transactions: the merger with Mesa for total consideration of \$991.0 million, the acquisition of Chauvco for total consideration of \$721.4 million and the acquisition of assets from America Cometra for total consideration of \$130 million. These acquisitions added significantly to the Company's exploratory and



development drilling opportunities, balanced the Company's reserve mix between oil and natural gas, increased the scale of its operations in the Mid Continent region, the offshore Gulf Coast region, Argentina and Canada and provided the Company with a significant base of operations and experienced personnel for its areas of geographic focus, including international areas. During 1996, the Company focused on smaller acquisitions of properties that exhibited one or more of the following characteristics: properties that were near or otherwise complemented the Company's existing properties, properties that represented additional working interests in Company-operated properties or properties that provided the Company with strategic exploitation or exploration opportunities. In 1996, aggregate expenditures to acquire such interests and properties amounted to approximately \$21 million.

***Future Acquisition Opportunities.*** The Company regularly pursues and evaluates acquisition opportunities (including opportunities to acquire particular oil and gas properties or related assets or entities owning oil and gas properties or related assets and opportunities to engage in mergers, consolidations or other business combinations with such entities) and at any given time may be in various stages of evaluating such opportunities. Such stages may take the form of internal financial analysis, oil and gas reserve analysis, due diligence, the submission of an indication of interest, preliminary negotiations, negotiation of a letter of intent or negotiation of a definitive agreement.

### ***Financial Management***

The Company strives to maintain its outstanding indebtedness at a moderate level in order to provide sufficient financial flexibility for future exploration, development and acquisition opportunities. While the Company may occasionally incur higher levels of debt to take advantage of opportunities, management's objective is to maintain a flexible capital structure and to strengthen the Company's financial position through debt management.

As with any organization, the Company has experienced various debt levels in recent years as it has responded to strategic opportunities. During 1996 and 1995, the Company took deliberate actions to reduce its debt levels or extend its debt maturities in order to improve its financial flexibility and enable it to take advantage of future strategic opportunities. The Company was able to reduce its debt level significantly each year through the application of proceeds from the dispositions of assets that the Company had identified as non-strategic (see "Asset Divestitures" above). In 1997, the Company's debt level increased as a result of the assumption of the debt of Mesa and Chauvco. In 1998, severe commodity price declines reduced cash flows from operating activities, causing the Company to increase debt to finance committed capital investments. As a result of the increases in debt and reductions in shareholders' equity primarily resulting from 1998 and 1997 non-cash asset impairment provisions (see Note M and Note O of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data"), the Company's debt as a percentage of total capitalization has increased to 73 percent and 56 percent at December 31, 1998 and 1997, respectively. In 1999, the Company intends, as it did in 1996 and 1995, to take deliberate actions to reduce debt through reductions in capital investments and the use of operating cash flows and net proceeds from the divestiture of non-strategic assets.

### ***Marketing of Production***

***General.*** Production from the Company's properties is marketed consistent with industry practices. Sales prices for both oil and gas production are negotiated based on factors normally considered in the industry such as the spot price for gas or the posted price for oil, price regulations, distance from the well to the pipeline, well pressure, estimated reserves, commodity quality and prevailing supply conditions.



**Significant Purchasers.** During 1998, the Company's primary purchaser of crude oil was Genesis Crude Oil L.P. ("Genesis") and the Company's primary purchaser of natural gas liquids was Williams Energy Services ("Williams"). Approximately 10 percent and 10 percent of the Company's 1998 oil and gas revenues were attributable to sales to Genesis and Williams, respectively. During 1998, the Company marketed its natural gas to a variety of purchasers, none of which accounted for 10 percent or more of the Company's oil and gas revenues. The Company is of the opinion that the loss of any one purchaser would not have an adverse effect on its ability to sell its oil and gas production or natural gas products.

**Hedging Activities.** The Company periodically enters into commodity derivative contracts (swaps, futures and options) in order to (i) reduce the effect of the volatility of price changes on the commodities the Company produces and sells, (ii) support the Company's annual capital budgeting and expenditure plans and (iii) lock in prices to protect the economics related to certain capital projects.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" for a description of the Company's results of its hedging activities; "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" for discussions regarding the hedging strategies used by the Company to mitigate commodity price risks associated with crude oil, natural gas liquids and natural gas sales; and Note J of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for a description of the Company's open hedge positions at December 31, 1998 and the related prices to be realized.

### ***Operations by Geographic Area***

The Company operates in one industry segment. During 1998, the Company principally had oil and gas producing activities in the United States, Canada and Argentina and had exploration activities primarily in the United States, Canada, Argentina and South Africa. During 1997 and 1996, prior to the acquisition of Chauvco, the Company did not have significant operations in geographic areas other than the United States. See Note P of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for geographic operating segment information.

### **Competition, Markets and Regulation**

**Competition.** The oil and gas industry is highly competitive. A large number of companies and individuals engage in the exploration for and development of oil and gas properties, and there is a high degree of competition for oil and gas properties suitable for development or exploration. Acquisitions of oil and gas properties have been an important element of the Company's growth, and the Company intends to continue to acquire oil and gas properties. The principal competitive factors in the acquisition of oil and gas properties include the staff and data necessary to identify, investigate and purchase such properties and the financial resources necessary to acquire and develop them. Many of the Company's competitors are substantially larger and have financial and other resources greater than those of the Company.

**Markets.** The Company's ability to produce and market oil and gas profitably depends on numerous factors beyond the Company's control. The effect of these factors cannot be accurately predicted or anticipated. In recent years, worldwide oil and gas production capacities in certain areas of the United States have exceeded demand, with resulting declines in the price of oil and gas. Although the Company cannot predict the occurrence of events that may affect oil and gas prices or the degree to which oil and gas prices will be affected, it is possible that prices for any oil or gas the Company produces will be equivalent to or lower than those currently available. A continuation of the current commodity price environment or a further decline in the price of oil or gas will continue to adversely affect the Company's revenues, profitability and cash flow.



During most of 1996 and 1997, the Company benefited from higher oil prices as compared to previous years. However, during the fourth quarter of 1997, oil prices began a downward trend that has continued through March 1999. A continuation of the present oil price environment will prolong the associated adverse effect on the Company's revenues and operating cash flow, and may result in further downward adjustments to the Company's current 1999 capital budget of \$100 million. Additionally, declines in the outlook for future price levels have contributed to 1998 and 1997 non-cash impairment provisions to reduce the carrying values of oil and gas properties and in a non-cash valuation adjustment to the Company's deferred tax assets. See Note M and Note O of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for specific disclosures relative to the impairments and valuation provisions. Continued declines in commodity prices could result in additional impairment or valuation provisions in the future.

**Governmental Regulation.** Oil and gas exploration and production are subject to various types of regulation by local, state, federal and foreign agencies. The Company's operations are also subject to state conservation laws and regulations, including provisions for the unitization or pooling of oil and gas properties, the establishment of maximum rates of production from wells and the regulation of spacing, plugging and abandonment of wells. Each state generally imposes a production or severance tax with respect to production and sale of oil and gas within their respective jurisdictions. The regulatory burden on the oil and gas industry increases the Company's cost of doing business and, consequently, affects its profitability.

The Outer Continental Shelf Lands Act (the "OCSLA") requires that all pipelines operating on or across the Outer Continental Shelf (the "OCS") provide open-access, nondiscriminatory service. Although the Federal Energy Regulatory Commission ("FERC") has chosen not to impose the regulations of Order No. 509, which implements the OCSLA, on gatherers and other non-jurisdictional entities, FERC has retained the authority to exercise jurisdiction over those entities if necessary to permit nondiscriminatory access to service on the OCS. In addition, gathering lines are currently exempt from FERC's jurisdiction, regardless of whether they are on the OCS, but FERC could eliminate this exception. Commencing May 1994, FERC issued a series of orders in individual cases that delineate its current gathering policy. FERC's gathering policy was retained and clarified with regard to deep water offshore facilities in a statement of policy issued in February 1996. FERC's new gathering policy does not address its jurisdiction over pipelines operating on or across the OCS pursuant to the OCSLA. If FERC were to apply Order No. 509 to gatherers on the OCS, eliminate the exemption of gathering lines and redefine its jurisdiction over gathering lines, these acts could result in a reduction in available pipeline space for existing shippers in the Gulf of Mexico and elsewhere, such as the Company.

Additional proposals and proceedings that might affect the oil and gas industry are considered from time to time by Congress, FERC, state regulatory bodies, the courts and foreign governments. The Company cannot predict when or if any such proposals might become effective or their effect, if any, on the Company's operations.

**Environmental and Health Controls.** The Company's operations are subject to numerous federal, state, local and foreign laws and regulations relating to environmental and health protection. These laws and regulations may require the acquisition of a permit before drilling commences, restrict the type, quantities and concentration of various substances that can be released into the environment in connection with drilling and production activities, limit or prohibit drilling activities on certain lands lying within wilderness, wetlands and other protected areas and impose substantial liabilities for pollution resulting from oil and gas operations. These laws and regulations may also restrict air or other discharges resulting from the operation of natural gas processing plants, pipeline systems and other facilities that the Company



owns. Although the Company believes that compliance with environmental laws and regulations will not have a material adverse effect on its results of operations or financial condition, risks of substantial costs and liabilities are inherent in oil and gas operations, and there can be no assurance that significant costs and liabilities, including potential criminal penalties, will not be incurred. Moreover, it is possible that other developments, such as stricter environmental laws and regulations or claims for damages to property or persons resulting from the Company's operations, could result in substantial costs and liabilities.

The Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), also known as the "Superfund" law, imposes liability, without regard to fault or the legality of the original conduct, on certain classes of persons with respect to the release of a "hazardous substance" into the environment. These persons include the owner or operator of the disposal site or sites where the release occurred and companies that disposed or arranged for the disposal of hazardous substances released at the site. Persons who are or were responsible for releases of hazardous substances under CERCLA may be subject to joint and several liability for the costs of cleaning up the hazardous substances that have been released into the environment and for damages to natural resources, and it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the hazardous substances released into the environment.

The Company generates wastes, including hazardous wastes, that are subject to the federal Resource Conservation and Recovery Act ("RCRA") and comparable state statutes. The U.S. Environmental Protection Agency and various state agencies have limited the approved methods of disposal for certain hazardous and non-hazardous wastes. Furthermore, certain wastes generated by the Company's oil and natural gas operations that are currently exempt from treatment as "hazardous wastes" may in the future be designated as "hazardous wastes," and therefore be subject to more rigorous and costly operating and disposal requirements.

The Company currently owns or leases, and has in the past owned or leased, properties that for many years have been used for the exploration and production of oil and gas. Although the Company has used operating and disposal practices that were standard in the industry at the time, hydrocarbons or other wastes may have been disposed of or released on or under the properties owned or leased by the Company or on or under other locations where such wastes have been taken for disposal. In addition, some of these properties have been operated by third parties whose treatment and disposal or release of hydrocarbons or other wastes was not under the Company's control. These properties and the wastes disposed thereon may be subject to CERCLA, RCRA and analogous state laws. Under such laws, the Company could be required to remove or remediate previously disposed wastes or property contamination or to perform remedial plugging operations to prevent future contamination.

Federal regulations require certain owners or operators of facilities that store or otherwise handle oil, such as the Company, to prepare and implement spill prevention control plans, countermeasure plans, and facility response plans relating to the possible discharge of oil into surface waters. The Oil Pollution Prevention Act of 1990 ("OPA") amends certain provisions of the federal Water Pollution Control Act of 1972, commonly referred to as the Clean Water Act ("CWA") and other statutes as they pertain to the prevention of and response to oil spills into navigable waters. The OPA subjects owners of facilities to strict joint and several liability for all containment and cleanup costs and certain other damages arising from a spill, including, but not limited to, the costs of responding to a release of oil to surface waters. The CWA provides penalties for any discharges of petroleum products in reportable quantities and imposes substantial liability for the costs of removing a spill. State laws for the control of water pollution also provide varying civil and criminal penalties and liabilities in the case of releases of petroleum or its derivatives into surface waters or into the ground.



OPA requires responsible parties to establish and maintain evidence of financial responsibility to cover removal costs and damages resulting from an oil spill. OPA calls for a financial responsibility increase from \$35 million to \$150 million to cover pollution cleanup for offshore facilities. In August 1993, the United States Mineral Management Service (the "MMS"), which has been charged with implementing certain segments of OPA, issued its advanced notice of proposed rulemaking that would increase financial responsibility requirements for offshore lessees and permittees to \$150 million as required by OPA. Due to the OPA's broad definition of "offshore facility," the Company could become subject to the financial responsibility rule if it is proposed and adopted; to date, however, the MMS has not formally proposed the financial responsibility regulations. On May 9, 1995, the U.S. House of Representatives passed a bill that would lower the financial responsibility requirements applicable to offshore facilities to \$35 million (the current requirement under the federal OCSLA). The bill allows the limit to be increased to \$150 million if a formal risk assessment indicates the increase to be warranted. It would also define "offshore facility" to include only coastal oil and gas properties. A U.S. Senate bill that would also lower the financial responsibility requirements for offshore facilities was passed in late 1995. The Senate bill would reduce the scope of "offshore facilities" subject to this financial assurance requirement to those facilities seaward of the U.S. coastline that are engaged in drilling for, producing or processing oil or that have the capacity to transport, store, transfer, or handle more than 1,000 barrels of oil at a time. Currently, the House and Senate bills are being reconciled in Conference Committee. The Clinton Administration has indicated support for these changes to the OPA financial responsibility requirements. The Company cannot predict the final form of the financial responsibility requirements that will be ultimately established, but any rule that requires the Company to establish evidence of financial responsibility in the amount of \$150 million has the potential to have a material adverse effect on the Company's results of operations and financial condition. The Company does not believe that the rule to be proposed by the MMS will be any more burdensome to it than it will be to other similarly situated oil and gas companies.

Many states in which the Company operates have recently begun to regulate naturally occurring radioactive materials ("NORM") and NORM wastes that are generated in connection with oil and gas exploration and production activities. NORM wastes typically consist of very low-level radioactive substances that become concentrated in pipe scale and in production equipment. State regulations may require the testing of pipes and production equipment for the presence of NORM, the licensing of NORM-contaminated facilities and the careful handling and disposal of NORM wastes. The Company believes that the growing regulation of NORM will have a minimal effect on the Company's operations because the Company generates only a very small quantity of NORM on an annual basis.

The Company does not believe that its environmental risks are materially different from those of comparable companies in the oil and gas industry. Nevertheless, no assurance can be given that environmental laws will not, in the future, result in a curtailment of production or processing or a material increase in the costs of production, development, exploration or processing or otherwise adversely affect the Company's results of operations and financial condition.

The Company employs an environmental specialist charged with monitoring regulatory compliance. The Company performs an environmental review as part of the due diligence work on potential acquisitions, including acquisitions of oil and gas properties. The Company is not aware of any material environmental legal proceedings pending against it or any significant environmental liabilities to which it may be subject.

### **Risks Associated with Business Activities**

The nature of the business activities conducted by the Company subjects it to certain hazards and risks. The following is a summary of some of the material risks relating to the Company's business activities.



**Oil and Gas Prices and General Market Risks.** The Company's revenues, profitability, cash flow and future rate of growth are highly dependent on prices of oil and gas, which are affected by numerous factors beyond the Company's control. Oil and gas prices historically have been very volatile. A continuation of the significantly lower oil and gas prices experienced in 1998, as compared to prior years, or a further decline in the prices of oil or gas will have a material adverse effect on the Company's revenues, profitability and cash flow and could, under certain circumstances, result in a reduction in the carrying value of the Company's oil and gas properties, a valuation adjustment to the Company's deferred tax assets and a reduction in the Company's commitments under its bank credit facilities.

**Risks of Drilling Activities.** As noted under "Item 1. Business — Business Activities," of the total 1999 capital budget of \$100 million, the Company anticipates spending approximately \$75 million on development activities and \$25 million on exploration activities. Drilling involves numerous risks, including the risk that no commercially productive natural gas or oil reservoirs will be encountered. The cost of drilling, completing and operating wells is often uncertain and drilling operations may be curtailed, delayed or canceled as a result of a variety of factors, including unexpected drilling conditions, pressure or irregularities in formations, equipment failures or accidents, adverse weather conditions and shortages or delays in the delivery of equipment. The Company's future drilling activities may not be successful and, if unsuccessful, such failure could have an adverse effect on the Company's future results of operations and financial condition. While all drilling, whether developmental or exploratory, involves these risks, exploratory drilling involves greater risks of dry holes or failure to find commercial quantities of hydrocarbons. Because of the percentage of the Company's capital budget devoted to exploratory projects, it is likely that the Company will continue to experience exploration and abandonment expense.

**Risks Associated with Unproved Properties.** At December 31, 1998 and 1997, the Company had unproved property costs of \$342.6 million and \$545.1 million, respectively. United States generally accepted accounting principles require periodic evaluation of these costs on a project-by-project basis in comparison to their estimated value. These evaluations will be affected by results of exploration activities, commodity price outlooks, planned future sales or expiration of all or a portion of such projects. If the quantity of potential reserves determined by such evaluations are not sufficient to fully recover the cost invested in each project, the Company may be required to recognize significant non-cash charges in the earnings of future periods. There can be no assurance that economic reserves will be determined to exist for such projects.

**Acquisitions.** Acquisitions of producing oil and gas properties have been a key element of the Company's growth. The Company's growth following the full development of its existing property base could be impeded if it is unable to acquire additional oil and gas properties on a profitable basis. The success of any acquisition will depend on a number of factors, including the ability to estimate accurately the recoverable volumes of reserves, rates of future production and future net revenues attributable to reserves and to assess possible environmental liabilities. All of these factors affect whether an acquisition will ultimately generate cash flows sufficient to provide a suitable return on investment. Even though the Company performs a review of the properties it seeks to acquire that it believes is consistent with industry practices, such reviews are often limited in scope.

**Divestitures.** The Company regularly reviews its property base for the purpose of identifying non-strategic assets, the disposition of which would increase capital resources available for other activities and create organizational and operational efficiencies. Various factors could materially affect the ability of the Company to dispose of non-strategic assets, including the availability of purchasers willing to purchase the non-strategic assets at prices acceptable to the Company.



**Risks Associated with Operation of Natural Gas Processing Plants.** The Company owns interests in seven natural gas processing plants and operates three of those plants, although the net revenues derived from natural gas processing during 1998 and 1997 represented only one percent of the total net revenues from oil and gas activities. There are significant risks associated with the operation of natural gas processing plants. Natural gas and natural gas liquids are volatile and explosive and may include carcinogens. Damage to or misoperation of a natural gas processing plant could result in an explosion or the discharge of toxic gases, which could result in significant damage claims in addition to interrupting a revenue source.

**Operating Hazards and Uninsured Risks.** The Company's operations are subject to all the risks normally incident to the oil and gas exploration and production business, including blowouts, cratering, explosions and pollution and other environmental damage, any of which could result in substantial losses to the Company due to injury or loss of life, damage to or destruction of wells, production facilities or other property, clean-up responsibilities, regulatory investigations and penalties and suspension of operations. Although the Company currently maintains insurance coverage that it considers reasonable and that is similar to that maintained by comparable companies in the oil and gas industry, it is not fully insured against certain of these risks, either because such insurance is not available or because of high premium costs.

**Environmental Risks.** The oil and gas business is also subject to environmental hazards, such as oil spills, gas leaks and ruptures and discharges of toxic substances or gases that could expose the Company to substantial liability due to pollution and other environmental damage. A variety of federal, state and foreign laws and regulations govern the environmental aspects of the oil and gas business. Noncompliance with these laws and regulations may subject the Company to penalties, damages or other liabilities, and compliance may increase the cost of the Company's operations. Such laws and regulations may also affect the costs of acquisitions. See "Item 1. Business — Competition, Markets and Regulation — Environmental and Health Controls".

The Company does not believe that its environmental risks are materially different from those of comparable companies in the oil and gas industry. Nevertheless, no assurance can be given that environmental laws will not, in the future, result in a curtailment of production or processing or a material increase in the costs of production, development, exploration or processing or otherwise adversely affect the Company's operations and financial condition. Pollution and similar environmental risks generally are not fully insurable.

**Competition.** The oil and gas industry is highly competitive. The Company competes with other companies, producers and operators for acquisitions and in the exploration, development, production and marketing of oil and gas. Some of these competitors have substantially greater financial and other resources than the Company. See "Item 1. Business — Competition, Markets and Regulation".

**Risks Associated with Debt.** At December 31, 1998 and 1997, the Company had total debt outstanding of \$2.2 billion and \$1.9 billion, respectively. As of December 31, 1998, approximately 55 percent of the Company's total debt was comprised of variable rate debt that is sensitive to changes in market interest rates. Such variable rate debt is primarily comprised of borrowings under credit facilities. During 1999, the Company must reduce its borrowings by \$306.5 million to comply with commitment reduction provisions specified in the credit facilities and other current debt obligations. The Company is also subject to certain debt covenants that are defined in the credit facilities. See "Interest rate sensitivity" included in "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" for additional information regarding the Company's risks associated interest rate sensitivity. Also, see "1999 Outlook — Credit facilities" included in "Item 7. Managements' Discussion and Analysis of Financial Condition and Results



of Operations" and Note E of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for discussions relative to the Company's credit facilities.

**Government Regulation.** The Company's business is regulated by a variety of federal, state, local and foreign laws and regulations. There can be no assurance that present or future regulations will not adversely affect the Company's business and operations. See "Item 1. Business — Competition, Markets and Regulation".

**Risks of International Operations.** At December 31, 1998, approximately 22 percent of the Company's proved reserves of oil and gas were located outside the United States (14 percent in Argentina and 8 percent in Canada). The success and profitability of international operations may be adversely affected by risks associated with international activities, including economic and labor conditions, political instability, tax laws (including U.S. taxes on foreign subsidiaries) and changes in the value of the United States dollar versus the local currency in which oil and gas are sold. To the extent that the Company is involved in international activities, changes in exchange rates may adversely affect the Company's consolidated revenues and expenses (as expressed in United States dollars).

**Estimates of Reserves and Future Net Revenues.** Numerous uncertainties exist in estimating quantities of proved reserves and future net revenues therefrom. The estimates of proved reserves and related future net revenues set forth in this Report are based on various assumptions, which may ultimately prove to be inaccurate. Therefore, such estimates should not be construed as estimates of the current market value of the Company's proved reserves.

### **Definition of Certain Oil and Gas Terms**

When used in this Report, the following terms have the meanings indicated below.

"Bbl" means a standard barrel of 42 U.S. gallons and represents the basic unit for measuring the production of crude oil, natural gas liquids and condensate.

"Bcf" means one billion cubic feet.

"Bcfe" means a billion cubic feet equivalent and is a customary convention used in the United States to express oil and gas volumes on a comparable basis. It is determined on the basis of the estimated relative energy content of oil to natural gas, being approximately one barrel of oil per six Mcf of gas.

"BOE" means a barrel-of-oil-equivalent and is a customary convention used in the United States to express oil and gas volumes on a comparable basis. It is determined on the basis of the estimated relative energy content of natural gas to oil, being approximately six Mcf of natural gas per Bbl of oil.

"Btu" means British thermal unit and represents the amount of heat needed to raise the temperature of one pound of water one degree Fahrenheit.

"gross" acre or well means an acre or well in which a working interest is owned.

"MBbl" means one thousand Bbls.

"MBOE" means one thousand BOEs.

"Mcf" means one thousand cubic feet under prescribed conditions of pressure and temperature and



represents the basic unit for measuring the production of natural gas.

"MMcf" means one million cubic feet.

"net" acres or wells is determined by multiplying the gross acres or wells, as the case may be, by the applicable working interest in those gross acres or wells.

"NGLs" means natural gas liquids.

"NYMEX" means The New York Mercantile Exchange.

"proved reserves" means those estimated quantities of crude oil and natural gas that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known oil and gas reservoirs under existing economic and operating conditions. Proved reserves are limited to those quantities of oil and gas that can be expected to be recoverable commercially at current prices and costs, under existing regulatory practices and with existing conventional equipment and operating methods.

"PV 10 value" means the present value of estimated future net revenues, before income taxes, of proved reserves, determined in all material respects in accordance with the rules and regulations of the United States Securities and Exchange Commission ("SEC") (generally using prices and costs in effect at the specified date and a 10 percent discount rate). The reserve estimates for 1998 utilize an oil price of \$10.09 per Bbl (reflecting adjustments for oil quality and gathering and transportation costs), an NGL price of \$6.81 per Bbl and a gas price of \$1.64 per Mcf (reflecting adjustments for Btu content, gathering and transportation costs and gas processing and shrinkage).

## **ITEM 2. PROPERTIES**

The information included in this Report about the Company's proved oil and gas reserves at December 31, 1998, including estimated quantities and PV 10 value, is based on reserve reports prepared by the Company's engineers.

Numerous uncertainties exist in estimating quantities of proved reserves and in projecting future rates of production and timing of development expenditures, including many factors beyond the Company's control. This Report contains estimates of the Company's proved oil and gas reserves and the related future net revenues, which are based on various assumptions, including those prescribed by the SEC. Actual future production, oil and gas prices, revenues, taxes, capital expenditures, operating expenses, geologic success and quantities of recoverable oil and gas reserves may vary substantially from those assumed in the estimates and could materially affect the estimated quantities and related PV 10 value of proved reserves set forth in this Report. In addition, the Company's reserves may be subject to downward or upward revisions based on production performance, purchases or sales of properties, results of future development, prevailing oil and gas prices and other factors. Therefore, estimates of the PV 10 value of proved reserves contained in this Report should not be construed as estimates of the current market value of the Company's proved reserves.

PV 10 value is a reporting convention that provides a common basis for comparing oil and gas companies subject to the rules and regulations of the SEC. It requires the use of oil and gas prices prevailing as of the date of computation. Consequently, it may not reflect the prices ordinarily received or that will be received for oil and gas because of seasonal price fluctuations or other varying market conditions. PV 10 values as of any date are not necessarily indicative of future results of operations. Accordingly, estimates of future net revenues in this Report may be materially different from the net revenues that are ultimately



received.

The Company did not provide estimates of total proved oil and gas reserves during 1998 to any federal authority or agency, other than the SEC.

### Proved Reserves

The Company's proved reserves totaled 676.8 million BOE at December 31, 1998, 761.6 million BOE at December 31, 1997 and 302.2 million BOE at December 31, 1996, representing \$1.6 billion, \$3.1 billion and \$2.3 billion, respectively, in PV 10 value. Downward revisions of reserve quantities as a result of the decline in commodity prices was the primary reason for the decrease in reserves and PV 10 value during 1998.

On a BOE basis, 90 percent of the Company's total proved reserves at December 31, 1998 are proved developed reserves. Based on reserve information as of December 31, 1998 and using the Company's reserve report production information for 1999, the reserve-to-production ratio associated with the Company's proved reserves is 11 years on a BOE basis. The following table provides information regarding the Company's proved reserves by geographic area as of and for the year ended December 31, 1998.

### PROVED OIL AND GAS RESERVES

Proved Reserves as of December 31, 1998					
	Oil & NGLs (MBbls)	Natural Gas (MMcf)	MBOE	PV 10 Value (000)	O & (B)
United States.....	269,638	1,545,644	527,246	\$1,226,869	69
Argentina.....	24,219	428,334	95,608	232,799	9,
Canada.....	12,447	249,230	53,985	189,140	9,
Total.....	306,304	2,223,208	676,839	\$1,648,808	88

- (a) The 1998 average daily production is calculated using a 365-day year and without making pro forma adjustments for any acquisitions, divestitures or drilling activity that occurred during the year.

### Reserve Replacement

For the first time in almost a decade, the Company was unable to replace its annual production volumes with proved reserves of crude oil, NGLs and natural gas, stated on an energy equivalent basis. During 1998, the Company's proved reserves declined 84.8 million BOE including 62.9 million BOE related to production, 31.2 million BOE related to downward reserve revisions and 2.5 million BOE related to asset sales. Discoveries and extensions of 11.8 million BOE partially offset these reductions. Reserve revisions result from several factors including changes in existing estimates of quantities available for production and changes in estimates of quantities which are economical to produce under current pricing conditions. The downward revisions in 1998 relate primarily to the decline in commodity prices during 1998. The Company's reserves as of December 31, 1998 were estimated using a price of \$10.09 per Bbl of oil, \$6.81



per Bbl of NGLs and \$1.64 per Mcf of gas. Should prices increase or decline in future periods, reserves may be revised upward or downward for quantities which may be economical or uneconomical to produce at higher or lower prices, respectively.

The Company's 1998 reserve replacement rate on a BOE basis was negative due to the severe decline in commodity prices during 1998. Previous reserve replacement performance rates were 1,450 percent in 1997 (1,375 percent for oil and 1,528 percent for gas) and 314 percent in 1996 (398 percent for oil and 239 percent for gas). For the three-year period ended December 31, 1998, the average reserve replacement rate was 465 percent, as compared to a three-year average replacement rate of 769 percent in 1997 and 377 percent in 1996. During 1998, the reserve replacement rate was primarily influenced by the decline in commodity prices which resulted in significant downward reserve revisions. During 1997, the Company's reserve replacement rate was primarily the product of its acquisition activities. In 1996, the reserve replacement rate was influenced primarily by exploration and development activities.

### **Finding Cost**

The Company's acquisition and finding cost per BOE for 1998 was negative as compared to the 1997 and 1996 acquisition and finding costs of \$8.23 and \$3.10 per BOE, respectively. The negative rate in 1998 was a result of downward reserve revisions related to the decline in commodity prices during 1998. The rate in 1997 was a result of the fair value associated with Mesa's and Chauvco's long-lived, low production cost reserves. The average acquisition and finding cost for the three-year period from 1996 to 1998 was \$8.65 per BOE representing a 23 percent increase from the 1997 three-year average rate of \$7.04.

### **Oil and Gas Mix**

The Company seeks to maintain a strategic balance between oil and natural gas reserves and production. While the Company's reserve and production mix may vary somewhat on a short-term basis as the Company takes advantage of market conditions and specific acquisition and development opportunities, management believes that a relative mix of approximately 50 percent oil and NGLs and 50 percent natural gas is in the best long-term interests of the Company and its stockholders. The Company's reserve mix was 45 percent oil and NGLs and 55 percent gas at December 31, 1998, and its production mix was 51 percent oil and NGLs and 49 percent gas during 1998.

### **Description of Properties**

As of December 31, 1998, the Company has operations in the United States, Argentina and Canada, and to a lesser extent, exploration opportunities in Africa.

**Domestic.** The Company's domestic operations are principally located in the Gulf Coast, Mid Continent and Permian Basin areas. In the Gulf Coast area, the Company is focused on reserve and production growth through a balanced portfolio of development and exploration activities. To accomplish this, the Company has devoted most of its domestic exploration efforts to this area, as well as its investment in and utilization of 3-D seismic technology. During 1998, the Company expended \$167 million to drill 38 development and eight exploratory wells and more importantly, significantly enhanced its library of seismic data for future exploration activities.

During 1999, the Company's exploration drilling will be concentrated in the Gulf of Mexico and the onshore Gulf Coast area. The Company will participate in the drilling of one or two wells in its deep-water Mississippi Canyon Block 305. The Company has a 25 percent working interest (21.875



percent net revenue interest) in the block; however, Pioneer is responsible for 50 percent of the before casing point drilling costs in the first exploratory well drilled. Drilling began on the first well in this block during January 1999. The well is scheduled for preliminary evaluations in March. Two additional wells are planned for 1999 onshore in the Gulf Coast area or in East Texas where several shallower exploration prospects have been defined by the Company's 3-D database.

The Mid Continent area includes properties located in Kansas, the Texas Panhandle, Oklahoma and Arkansas. By far, the largest of these assets is the Company's Hugoton field followed by the West Panhandle field, both acquired from Mesa in August 1997. These two fields combined account for approximately \$548 million of the Company's \$1.6 billion of PV 10 reserve value at December 31, 1998. During 1998, the Company spent approximately \$26 million on exploratory and development drilling in the Mid Continent area. This activity included the drilling of 89 development wells and two exploratory wells.

*Hugoton field.* The Hugoton field in southwest Kansas is one of the largest producing gas fields in the continental United States. The Company's Hugoton properties represent approximately 13 percent of the proved reserves in the field and are located on over 237,000 net acres, covering approximately 400 square miles. The Company has working interest in approximately 1,200 wells in the Hugoton field, almost 1,000 of which it operates, and royalty interest in approximately 750 wells. The Company owns substantially all of the gathering and processing facilities, primarily the Satanta plant, that service its production from the Hugoton field. Such ownership allows the Company to control the production, gathering, processing and sale of its gas and associated NGLs.

Production in the Hugoton field is subject to allowables set by state regulators, but the Company's Hugoton operated properties are capable of producing approximately 150 MMcf of wet gas per day (i.e., gas production at the wellhead before processing and before reduction for royalties). The Company estimates that it and other major producers in the Hugoton field produced at or near capacity in 1998.

The Company is considering plans to submit an application to the Kansas Corporation Commission (the "KCC") to allow infill drilling into the Council Grove Formation. The Company believes that such infill drilling could increase production from its Hugoton properties. There can be no assurance that the application will be approved or as to the timing of receipt of such approval if such approval is obtained.

*West Panhandle field.* The West Panhandle properties are located in the panhandle region of Texas where initial production commenced in 1918. These stable, long-lived reserves are attributable to the Red Cave, Brown Dolomite, Granite Wash and fractured Granite formations at depths no greater than 3,500 feet. The Company's natural gas in the West Panhandle field is produced from approximately 600 wells on more than 241,000 gross (185,000 net) acres covering over 375 square miles. The Company's wellhead gas produced from the West Panhandle field contains a high quantity of NGLs, yielding relatively greater NGL volumes than realized from many other natural gas fields. The Company operates the wells and production equipment and Colorado Interstate Gas Company owns and operates the gathering system.

The production from the West Panhandle field is processed through the Company-owned Fain natural gas processing plant. In February 1997, the Company initiated a project to add nitrogen rejection capabilities at the Fain Plant. This project, which was completed in mid-1998, allows the Company to recover a greater percentage of the helium in the processed gas; increase NGL recoveries; and upgrade residue quality improving marketing flexibility.

As of December 31, 1998, the Company's West Panhandle properties represented approximately 13 percent of the Company's equivalent proved reserves and approximately nine percent of the present value



of estimated future net cash flows, determined in accordance with SEC guidelines. The Company has identified over 70 locations that have additional production potential that the Company plans to redrill in the next few years.

Since the early 1960's, the Company has been involved in acquisition and development activities in fields in the Permian Basin area which includes all of West Texas and Southeastern New Mexico. Of the \$411 million of PV 10 value contained in the properties in the Permian Basin area, the Spraberry field accounts for \$294 million. Along with the Spraberry field, the Iatan field in Mitchell County, Texas, the Dagger Draw field in Eddy County, New Mexico and the Ozona field in Crockett and Sutton Counties of Texas are significant to the Company's Permian Basin area's operations in terms of existing production, production and reserve growth, and identification of additional drilling locations.

The Company will continue to focus on the development of the existing properties utilizing waterflood procedures and secondary recovery technologies as these efforts have consistently resulted in increased production, reserve additions due to development drilling, and new drilling locations. In addition, all of the fields in this operational group have been screened for feasibility for carbon dioxide (CO<sub>2</sub>) flood implementation. During 1998, the Company expended \$113 million to drill 271 development and 13 exploratory wells. Wells being drilled at the end of 1998 are being shut-in temporarily in anticipation of future increases in oil prices. When this takes place, the Company will be in a position to increase its oil production rather quickly. In addition, the Company anticipates spending \$9 million in 1999 in the Permian Basin area to drill approximately 50 wells which will also be shut-in temporarily pending future increases in oil prices. Development activities will account for the majority of these planned expenditures.

***Spraberry field.*** The Spraberry field was discovered in 1949 and encompasses eight counties in West Texas. The field is approximately 150 miles long and 75 miles wide at its widest point. The oil produced is West Texas Intermediate Sweet, and the gas produced is casinghead gas with an average Btu content of 1,400 Btu per Mcf. The oil and gas is produced from three formations, the upper and lower Spraberry and the Dean, at depths ranging from 6,700 feet to 9,200 feet. The center of the Spraberry field was unitized in the late 1950's and early 1960's by the major oil companies; however, until the late 1980's there was very limited development activity in the field. Since 1989, the Company has focused acquisition and development drilling activities in the unitized portion of the Spraberry field due to the dormant condition of the properties and the high net revenue interests available. The Company believes the area offers excellent opportunities to enhance oil and gas reserves because of the hundreds of undeveloped infill drilling locations and the ability to reduce operating expenses through economies of scale. The Company initiated an aggressive optimization and automation cost cutting program in 1998, which reduced operating expenses. This program will continue in 1999 and the Company believes that an additional 10 percent reduction can be achieved. In February 1997, the Texas Railroad Commission (which regulates oil and gas production) entered a favorable order on the Company's application to allow administrative approval of uncontested applications to increase the density of drilling in the Spraberry field from one well per 80 acres to one well per 40 acres.

***International.*** The acquisition of Chauvco provided the Company with a significant presence in Argentina and Canada, representing 14 percent and 11 percent, respectively, of the Company's PV 10 value at December 31, 1998. The Company's Argentine properties are primarily located in the Tierra del Fuego and Neuquen basins. The Company's share of Argentine production during 1998 averaged 21.3 MBOE's per day. The Tierra del Fuego production concession is located in the extreme southern portion of Argentina, approximately 1,500 miles south of the country's capital, Buenos Aires. Crude oil, natural gas, condensate and NGLs are produced from six separate fields in which the Company has a 35 percent working interest. Recent expansion of gas processing facilities and completed pipeline connections at Tierra del Fuego will allow handling of increased production volumes committed for delivery under a gas



contract to a petrochemical plant in Chile. Natural gas deliveries under the contract to the methanol plant in Chile averaged 50 MMcf per day during 1998.

The Company's operated production in Argentina is concentrated in the Neuquen Basin which is located about 925 miles southwest of the country's capital city and just to the east of the Andes Mountains. Crude oil and natural gas are produced from the Loma Negra/NI Block, the Dadin Block, the Al Norte de la Dorsal Block and the Neuquen del Medio Block in which the Company has a 100 percent working interest. A commercial discovery was made in the newly acquired Bajo Baguales Block in which the Company has a 65 percent interest.

During 1998, the Company drilled 46 development wells and 22 exploratory wells in Argentina. The Company plans to spend \$24 million on gas development opportunities in Argentina during 1999.

The Company's Canadian producing properties are primarily located in Alberta and British Columbia, Canada in the following areas: Chinchaga, Martin Creek, Thompson Lake/Alliance, Rycroft, Lookout Butte and David. During 1998, these properties produced an average of 18.7 MBOE's per day, net to the Company's interest. In addition, during 1998 the Company drilled 60 development wells and 14 exploratory wells primarily in Chinchaga and Martin Creek areas. These properties currently include 29 new development well locations that are scheduled to be drilled in 1999.

In addition to the proved producing assets of Chauvco and Mesa, the Company acquired a substantial inventory of unproved oil and gas properties during 1997 which will provide the Company with many exploration opportunities with the potential for significant reserve additions. Although the acquisition of a portfolio of unproved properties represents an exciting challenge to the Company's team of engineers, geologists and geophysicists, such opportunities are not without risk. United States generally accepted accounting principles require periodic evaluation of these costs on a project-by-project basis in comparison to their estimated value. During 1998, the Company reduced the carrying value of its unproved oil and gas properties by \$147.3 million. See Note M of Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data". An unproved property may be impaired if the Company does not intend to drill the prospect as a result of downward revisions to potential proved reserves, if the results of exploration or the Company's outlook for future commodity prices indicate that the potential reserves are not sufficient to generate net cash flows to recover the investment required by the project, or if the Company intends to sell the property for less than its carrying value. There can be no assurance that economic reserves will be determined to exist for such projects in the future.

On a smaller scale, the Company has entered into agreements to explore in the African nations of South Africa and Gabon. The South African agreements cover over 13 million acres along the southern coast of South Africa, generally in water depths less than 650 feet. During 1998, the Company participated in the drilling of five wells in South Africa. Of the five wells drilled, two discovered hydrocarbons; however, future activities associated with these discoveries is under evaluation given the current economic environment of the oil and gas industry. In 1998, the Company incurred \$16.0 million of drilling and seismic costs in South Africa. During 1999, the Company has targeted both South Africa and Gabon for comprehensive studies that will focus on analysis, ranking and timing of prospects. No new wells are planned during 1999 in South Africa while the Company evaluates farmout and other risk sharing opportunities. Seismic studies are currently planned to commence in Gabon during late 1999 or early 2000.

### **Selected Oil and Gas Information**



The following tables set forth selected oil and gas information for the Company as of and for each of the years ended December 31, 1998, 1997 and 1996. Because of normal production declines, increased or decreased drilling activities and the effects of future acquisitions or divestitures, the historical information presented below should not be interpreted as indicative of future results.

Production, Price and Cost Data. The following table sets forth production, price and cost data with respect to the Company's properties for the years ended December 31, 1998, 1997 and 1996.

### PRODUCTION, PRICE AND COST DATA(a)

	1998		
	United States	Argentina	Canada
Production information:			
Annual production:			
Oil (MBbls).....	15,167	3,072	3,315
NGLs (MBbls).....	10,160	228	281
Gas (MMcf).....	137,741	26,801	19,371
Total (MBOE).....	48,284	7,767	6,824
Average daily production:			
Oil (Bbls).....	41,555	8,415	9,082
NGLs (Bbls).....	27,835	626	770
Gas (Mcf).....	377,373	73,427	53,072
Total (BOE).....	132,285	21,279	18,697
Average prices:			
Oil (per Bbl).....	\$ 13.96	\$ 11.00	\$ 10.96
NGLs (per Bbl).....	\$ 8.86	\$ 9.83	\$ 9.54
Gas (per Mcf).....	\$ 2.01	\$ 1.09	\$ 1.45
Revenue (per BOE).....	\$ 11.99	\$ 8.40	\$ 9.83
Average costs:			
Production costs (per BOE):			
Lease operating expense.....	\$ 3.04	\$ 2.57	\$ 3.56
Production taxes.....	.50	.15	--
Workovers.....	.14	--	.10
Total.....	\$ 3.68	\$ 2.72	\$ 3.66
Depletion expense (per BOE).....	\$ 4.96	\$ 5.42	\$ 5.95

(a) These amounts are calculated without making pro forma adjustments for any acquisitions, divestitures or drilling activity that occurred during the respective years.

(b) Represents production associated with the Company's Australian subsidiaries prior to their divestiture in 1996.

**Productive Wells.** The following table sets forth the number of productive oil and gas wells attributable to the Company's properties as of December 31, 1998, 1997 and 1996.

### PRODUCTIVE WELLS(a)

#### Gross Productive Wells

	Oil	Gas	Total
Year ended December 31, 1998:			
United States.....	6,280	4,130	10,410
Argentina.....	443	158	601
Canada.....	1,719	454	2,173
Total.....	8,442	4,742	13,184
Year ended December 31, 1997:			
United States.....	6,075	3,931	10,006
Argentina.....	342	122	464
Canada.....	1,666	428	2,094
Total.....	8,083	4,481	12,564
Year ended December 31, 1996:			
United States.....	5,572	1,393	6,965
Argentina.....	5	--	5
Total.....	5,577	1,393	6,970

- (a) Productive wells consist of producing wells and wells capable of production, including shut-in wells. One or more completions in the same well bore are counted as one well. Any well in which one of the multiple completions is an oil completion is classified as an oil well. As of December 31, 1998, the Company owned interests in 181 wells containing multiple completions.

**Leasehold Acreage.** The following table sets forth information about the Company's developed, undeveloped and royalty leasehold acreage as of December 31, 1998.

#### LEASEHOLD ACREAGE

	Developed Acreage		Undev
	Gross Acres	Net Acres	Gross A
United States.....	1,505,137	958,845	1,230,
Canada.....	332,000	151,000	620,
Argentina.....	655,000	256,000	1,152,
South Africa and Gabon.....	--	--	13,813,
Total.....	2,492,137	1,365,845	16,816,

**Drilling Activities.** The following table sets forth the number of gross and net productive and dry wells in which the Company had an interest that were drilled and completed during the years ended December 31, 1998, 1997 and 1996. This information should not be considered indicative of future performance, nor should it be assumed that there is necessarily any correlation between the number of productive wells drilled and the oil and gas reserves generated thereby or the costs to the Company of productive wells compared to the costs of dry wells.

#### DRILLING ACTIVITIES



## Gross Wells

Year ended December 31,

1998 1997 1996 (b)

## United States:

## Productive wells:

Development.....	385	483	535
Exploratory.....	18	38	37

## Dry holes:

Development.....	13	18	7
Exploratory.....	5	46	10

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421	585	589
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## Argentina:

## Productive wells:

Development.....	41	4	3
Exploratory.....	11	1	--

## Dry holes:

Development.....	5	--	--
Exploratory.....	11	1	3

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68	6	6
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## Canada:

## Productive wells:

Development.....	54	--	--
Exploratory.....	10	--	--

## Dry holes:

Development.....	6	--	--
Exploratory.....	4	--	--

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74	--	--
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## Other foreign:

## Productive wells:

Development.....	--	--	2
Exploratory.....	2	--	--

## Dry holes:

Development.....	--	--	1
Exploratory.....	3	1	1

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5	1	4
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Total.....	568	592	599
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Success ratio(a).....	92%	89%	96%
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(a) Represents those wells that were successfully completed as productive wells.

(b) The 1996 Australian amounts include only three months of activity related to the Company's Australian properties prior to their sale in March 1996.

The following table sets forth information about the Company's wells that were in progress at December 31, 1998.

	Gross Wells -----	Net Well -----
United States:		
Development.....	58	43.7
Exploratory.....	8	3.8
	---	----
	66	47.5
	---	----
Argentina:		
Development.....	3	3.0
Exploratory.....	4	3.4
	---	----
	7	6.4
	---	----
Canada:		
Development.....	2	1.7
Exploratory.....	1	.3
	---	----
	3	2.0
	---	----
Total.....	76	55.9
	==	====

### ITEM 3. LEGAL PROCEEDINGS

The Company is party to various legal proceedings, which are described under "Legal actions" in Note H of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data". The Company is also party to other litigation incidental to its business. The claims for damages from such other legal actions are not in excess of 10 percent of the Company's current assets and the Company believes none of these actions to be material.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The Company's Common Stock is listed and traded on the New York Stock Exchange and the Toronto Stock Exchange under the symbol "PXD". The following table sets forth, for the periods indicated, the high and low sales prices for the Company's Common Stock, as reported in the New York Stock Exchange composite transactions, and the amount of dividends paid.

	High -----	Low -----	Div Paid -----
1998			
Fourth quarter.....	\$16	\$ 7 3/4	
Third quarter.....	\$24 11/16	\$13 1/4	
Second quarter.....	\$25 15/16	\$21 3/8	
First quarter.....	\$30	\$20 5/8	
1997			
Fourth quarter.....	\$43 13/16	\$25 5/8	
Third quarter.....	\$44 3/8	\$34 3/4	
Second quarter.....	\$36 3/16	\$28 1/2	
First quarter.....	\$37 5/8	\$28 7/8	

On February 26, 1999, the last reported sales price of the Company's Common Stock, as reported in the



New York Stock Exchange composite transactions, was \$5 3/16 per share.

As of February 26, 1999, the Company's Common Stock was held by approximately 35,000 holders of record, representing approximately 80,000 total owners.

Since the third quarter of 1991, the Company has paid a cash dividend of \$.05 per share of Common Stock in the first and third quarters of each calendar year; however, due to the current trend of declining commodity prices, the Company's Board of Directors has elected to discontinue the declaration of cash dividends in 1999 and future years.

## ITEM 6. SELECTED FINANCIAL DATA

The following selected consolidated financial data for the Company should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Company's Consolidated Financial Statements, related notes and other financial information included in "Item 8. Financial Statements and Supplementary Data".

	Year ended De		
	1998	1997 (a)	199
	(in millions, except		
Statement of Operations Data:			
Revenues:			
Oil and gas.....	\$ 711.5	\$ 536.8	\$ 39
Natural gas processing.....	--	--	2
Gas marketing.....	--	--	
Interest and other.....	10.4	4.3	1
Gain (loss) on disposition of assets, net(c).....	(.4)	4.9	9
	721.5	546.0	53
Costs and expenses:			
Oil and gas production.....	223.5	144.2	11
Natural gas processing.....	--	--	1
Gas marketing.....	--	--	
Depletion, depreciation and amortization.....	337.3	212.4	11
Impairment of oil and gas properties and natural gas processing facilities.....	459.5	1,356.4	
Exploration and abandonments.....	121.9	77.2	2
General and administrative.....	73.0	48.8	2
Reorganization.....	33.2	--	
Interest.....	164.3	77.5	4
Other.....	39.6	7.1	
	1,452.3	1,923.6	33
Income (loss) before income taxes and extraordinary item.....	(730.8)	(1,377.6)	20
Income tax benefit (provision).....	(15.6)	500.3	(6
Income (loss) before extraordinary item.....	(746.4)	(877.3)	14
Extraordinary item.....	--	(13.4)	
Net income (loss).....	\$ (746.4)	\$ (890.7)	\$ 14
Income (loss) before extraordinary item per share:			
Basic.....	\$ (7.46)	\$ (16.88)	\$ 3

Diluted.....	\$ (7.46)	\$ (16.88)	\$ 3
Net Income (loss) per share:			
Basic.....	\$ (7.46)	\$ (17.14)	\$ 3
Diluted.....	\$ (7.46)	\$ (17.14)	\$ 3
Dividends per share.....	\$ .10	\$ .10	\$
Weighted average shares outstanding.....	100.1	52.0	3
<b>Other Financial Data:</b>			
Cash flows from operating activities.....	\$ 314.1	\$ 228.2	\$ 23
Cash flows from investing activities.....	\$ (517.0)	\$ (341.2)	\$ 1
Cash flows from financing activities.....	\$ 190.9	\$ 166.0	\$ (24)
<b>Balance Sheet Data:</b>			
Working capital (deficit) (d).....	\$ (324.8)	\$ 46.6	\$ 2
Property, plant and equipment, net.....	\$3,034.1	\$ 3,515.8	\$1,04
Total assets.....	\$3,481.3	\$ 4,153.0	\$1,19
Long-term obligations.....	\$2,101.2	\$ 2,124.0	\$ 32
Preferred stock of subsidiary.....	\$ --	\$ --	\$ 18
Total stockholders' equity.....	\$ 789.1	\$ 1,548.8	\$ 53

- (a) Includes amounts relating to the acquisition of Mesa beginning in August 1997 and the acquisition of Chauvco as of December 18, 1997.
- (b) Includes amounts relating to the acquisition of Bridge Oil Limited in July 1994 and the acquisition of properties from PG&E Resources Company in August 1994.
- (c) Includes a gain of \$83.3 million in 1996 related to the disposition of certain wholly-owned subsidiaries.
- (d) The 1998 working capital deficit includes \$306.5 million of current maturities of long-term debt, including required reductions in borrowings under the Company's credit facilities and other current debt obligations. See "1999 Outlook - Credit facilities" included in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note E of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data".

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Formation of Pioneer

Pioneer Natural Resources Company ("Pioneer", or the "Company"), a Delaware corporation, was formed by the merger of Parker & Parsley Petroleum Company ("Parker & Parsley") and MESA Inc. ("Mesa") on August 7, 1997. On December 18, 1997, the Company was significantly expanded by the acquisition of the Canadian and Argentine oil and gas business of Chauvco Resources Ltd. ("Chauvco"), a publicly traded, independent oil and gas company based in Calgary, Canada. Pioneer is an oil and gas exploration and production company with ownership interests in oil and gas properties located in the United States, Argentina, Canada and South Africa.

The combined physical assets and management resources of Parker & Parsley, Mesa and Chauvco have created a company with a solid foundation of complementary assets and industry expertise. This foundation is anchored by the Hugoton gas field located in Southwest Kansas, the West Panhandle gas



field located in the Texas Panhandle, and the Spraberry oil and gas field in West Texas. Each of these fields provides consistent and dependable production, cash flow and ongoing development opportunities. These three areas are complemented by the exploration and development opportunities and oil and gas production contributed by Pioneer's assets in the United States Gulf Coast area, Argentina and Canada. These assets create a portfolio of resources and opportunities that are well balanced between oil, natural gas liquids and gas; and, that are balanced between long-lived, dependable production and exploration and development opportunities. Along with these assets, the Company has a team of dedicated employees that represent the professional disciplines and sciences that will allow Pioneer to maximize the long-term profitability and net asset values inherent in its physical assets.

In accordance with the provisions of Accounting Principles Board Opinion No. 16, "Business Combinations", both the merger with Mesa and the acquisition of Chauvco have been accounted for as purchases by the Company (formerly Parker & Parsley). As a result, the historical financial statements of the Company are those of Parker & Parsley prior to August 1997, and present the addition of Mesa's and Chauvco's assets and liabilities as acquisitions by the Company in August and December 1997, respectively.

### **Financial Performance**

The Company reported a net loss of \$746.4 million (\$7.46 per share) for the year ended December 31, 1998 as compared to a net loss of \$890.7 million (\$17.14 per share) and net income of \$140.2 million (\$3.95 per share) for the years ended December 31, 1997 and 1996, respectively. The 1998 results were significantly impacted by declining commodity prices, a full year of production volumes from the assets acquired from Mesa and Chauvco, provisions for the impairment of proved and unproved oil and gas properties, increased interest and general and administrative expenses, reorganization initiatives and a valuation allowance recognized to reduce the carrying value of the Company's deferred tax assets.

Crude oil and natural gas prices have declined substantially since 1996. The average prices realized by the Company in 1998, including the effects of oil and gas hedges, were \$13.08 per Bbl of oil, \$8.90 per Bbl of NGL and \$1.82 per Mcf of gas; as compared to average realized prices for oil, NGLs and gas of \$18.51 per Bbl, \$12.59 per Bbl and \$2.20 per Mcf, respectively, in 1997; and, average realized prices for oil and gas of \$19.96 per Bbl and \$2.27 per Mcf, respectively, in 1996. The effects of the declining prices on the Company's results of operations and net cash generated by operating activities have been mitigated by strategic oil and gas price hedges and increased production volumes. Primarily as a result of the additions of the Mesa and Chauvco oil and gas properties, 1998 oil, NGL and gas production increased to 62,875 MBOE as compared to total production of 35,363 MBOE and 23,916 MBOE in 1997 and 1996, respectively. Oil and gas production costs and depletion, depreciation and amortization expense increased to \$223.5 million and \$337.3 million, respectively, in 1998, primarily as a result of increased production volumes. Oil and gas production costs and depletion, depreciation and amortization expense were \$144.2 million and \$212.4 million, respectively, in 1997 and \$110.3 and \$112.1 million, respectively, in 1996.

The declining commodity price outlooks and performance issues prompted the Company to review its oil and gas properties for impairment in 1998 and 1997, resulting in non-cash, pre-tax impairment provisions of \$459.5 million and \$1.4 billion in 1998 and 1997, respectively. Exploration and abandonments expense for 1998 was \$121.9 million as compared to \$77.2 million and \$23.0 million in 1997 and 1996, respectively, reflecting continued expansion of the Company's exploration program into 1998. Interest and general and administrative expenses were \$164.3 million and \$73.0 million in 1998, respectively, as compared to respective expenses of \$77.5 million and \$48.8 million in 1997 and \$46.2 million and \$28.4 million in 1996. The increase in interest expense is primarily reflective of a full year of interest expense



incurred on the debt that was assumed in the Mesa and Chauvco acquisitions and increases in debt during 1998 to fund a portion of the Company's 1998 capital expenditures. The increase in general and administrative expenses similarly reflects a full year of corporate overhead and other costs incurred to manage a larger corporate entity.

During 1998, the Company implemented cost containment initiatives intended to increase future operational and administrative efficiencies. Those initiatives included the closings of the Company's regional offices in Oklahoma City, Oklahoma, Corpus Christi, Texas, and Houston, Texas, the elimination of approximately 350 employee positions and other initiatives. The \$33.2 million reorganization charge recognized during 1998 is a result of these initiatives. Other expenses increased to \$39.6 million in 1998, as compared to \$7.1 million and \$2.5 million in 1997 and 1996, respectively. Other expense for 1998 included, and increased primarily as a result of, \$20.5 million of mark-to-market adjustments of non-hedge foreign currency and Btu swap agreements previously owned by Chauvco and Mesa; a \$9.6 million write-off of deferred compensation arising from change of control features in the Company's incentive plans; \$4.4 million of other expenses associated with the Company's operations in Argentina and Canada; and, \$3.3 million of bad debt expense.

The net loss for 1998 was also impacted by a \$271.1 million valuation allowance recognized to reduce the carrying value of the Company's deferred tax assets. This charge, which significantly impacted the Company's 1998 net loss, is a non-cash component of operating results and did not impact the Company's net cash provided by operating activities. Net cash provided by operating activities was \$314.1 million for the year ended December 31, 1998, as compared to \$228.2 million for the year ended December 31, 1997 and to \$230.1 million for the year ended December 31, 1996. The additional cash flow generated by the increased production realized from the acquired Mesa and Chauvco properties was partially offset by the aforementioned declining commodity prices and increased costs and expenses.

Total debt has increased to \$2.2 billion at December 31, 1998 from \$1.9 billion at December 31, 1997, due principally to capital expenditures in 1998 exceeding cash flow provided by operating activities. The Company strives to maintain its outstanding indebtedness at a moderate level in order to provide sufficient financial flexibility for future opportunities. The Company's total book capitalization at December 31, 1998 was \$3.0 billion, consisting of total debt of \$2.2 billion and stockholders' equity of \$.8 billion. As a result of increases in debt and reductions in shareholders' equity primarily resulting from 1998 and 1997 non-cash impairment provisions (see Note M and Note O of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data"), the Company's debt to total capitalization increased to 73 percent at December 31, 1998 from 56 percent at December 31, 1997.

See "Results of Operations", below, for more in-depth discussions of the Company's oil and gas producing activities, including discussions pertaining to oil and gas production volumes, prices, hedging activities, costs and expenses, capital commitments, capital resources and liquidity.

### **1999 Outlook**

The Company's results of operations and financial condition in 1999 are expected to be significantly affected by industry-wide conditions and Company specific attributes and plans. The declining trend in commodity prices has resulted from a combination of factors which have contributed to increased oil and gas supplies and decreased demand for those commodities. The most significant of those factors include increased crude oil exports by Iraq and other members of the Organization of Petroleum Exporting Countries ("OPEC"), mild weather patterns in heavy energy consuming areas during 1998 and 1997, and declining demand for energy in the Asian and other formerly-high-growth areas of the world due to



regional recessions. During 1999, the Company anticipates a continuation of the unfavorable commodity price environment presently impacting the oil and gas industry. In response thereto, Pioneer plans to take deliberate actions to reduce its outstanding indebtedness and to protect its operating cash flows. The specific initiatives being taken include reductions in capital expenditures, the divestment of non-strategic assets, the continuation of cost containment measures and the maintenance of hedge positions designed to reduce the volatility of 1999 realized natural gas prices.

*Capital expenditures.* During 1999, the Company plans to reduce capital expended for oil and gas property additions to approximately \$100 million, of which \$25 million has been budgeted for exploration expenditures and \$75 million has been budgeted for exploitation projects. Geographically, during 1999 the Company expects capital expenditures of \$60 million in the United States, \$25 million in Argentina and \$15 million in Canada. Pioneer's long-lived reserves and dependable production in the Hugoton and West Panhandle gas fields and Spraberry oil field allow it the flexibility necessary to make significant changes in its capital allocation plans without significantly impacting near term production volumes. During 1999, Pioneer's exploration and exploitation programs will focus on natural gas projects. The Company's 1999 exploitation program will focus on gas development in the Gulf Coast area and West Panhandle field in the United States, the Chinchaga field in Canada, and in the Neuquen Basin in Argentina. Exploration drilling will be concentrated in the Gulf of Mexico and the onshore Gulf Coast area. The Company will participate in one or two wells in the Gulf of Mexico deep-water Mississippi Canyon Block 305. The first well was spudded in January and is scheduled for preliminary evaluations in March. Two additional wells are planned for 1999 onshore in the Gulf Coast area or in East Texas where several shallower exploration prospects have been defined from Pioneer's 3-D database. The Company's exploration programs in South Africa, Gabon, and the Gulf Coast transition zone are targeted for comprehensive studies that will focus on analysis, ranking and timing of prospects during 1999. Seismic studies are currently planned to commence in Gabon during late 1999 or early 2000. No new wells are planned during 1999 in South Africa, where the Company is evaluating farmout and other risk sharing opportunities. In comparison, during 1999, the Company intends to use the excess of cash provided by operating activities over capital expenditures for oil and gas producing activities to reduce outstanding indebtedness.

*Asset divestitures.* The Company has announced its intentions to sell non-strategic oil and gas assets for gross proceeds of \$500 million to \$600 million in 1999 and 2000. As is discussed more fully below in "Trends and Uncertainties — Asset Dispositions", the Company has entered into a purchase and sale agreement (the "Agreement") to sell certain non-strategic oil and gas properties. The proceeds to be realized from the disposition, if the Agreement is consummated, are \$335 million, of which \$41 million represents an irrevocable option fee that has been paid to the Company as of December 31, 1998. If consummated, the Agreement requires a final payment to Pioneer of \$294 million of proceeds on or before March 31, 1999. If the Agreement is not consummated, the \$41 million of irrevocable option fees would be recognized as 1999 earnings. The Company is continuing to review its portfolio of oil and gas properties to identify other non-strategic properties for divestiture. The realization of the Company's plans to divest of the other non-strategic oil and gas properties in 1999 or in 2000 is contingent upon, among other things, the Company's ability to find one or more purchasers willing to purchase the non-strategic assets at prices acceptable to the Company and the purchasers' ability to complete the transaction. There can be no assurances that the Company will be successful in completing the divestitures in 1999 or in 2000. The Company intends to use divestiture proceeds, if such proceeds are realized, to reduce outstanding indebtedness during 1999 and 2000.

*Cost containment.* In 1998, the Company initiated a number of cost containment measures. Such measures included centralizing its domestic operations which resulted in the closing of its regional offices in Oklahoma City, Oklahoma, Corpus Christi, Texas and Houston, Texas; the termination of 350



employees, including several officer positions; and the reduction of 1999 salaries among senior officers. These initiatives were designed to increase operational and administrative efficiencies, thereby reducing future production costs and general and administrative costs per BOE. Associated with these initiatives, the Company anticipates that additional reorganization charges of approximately \$5 million will be recognized during the first quarter of 1999. See Note N of Notes to Consolidated Financial Statement included in "Item 8. Financial Statements and Supplementary Data" for specific discussion and disclosures regarding the Company's reorganization provisions.

*Hedging activities.* The declines in commodity prices have had, and continue to have, a significant impact on the Company's financial condition and results of operations. To mitigate the impact of changing prices on the Company's financial condition and results of operations, Pioneer, from time to time, enters into commodity derivative contracts as hedges against oil and gas price risk. As of December 31, 1998, the Company had entered into 1999 hedge contracts for a combined notional volume of 284.7 MMcf of natural gas per day at a weighted average floor price of \$2.14 per MMBtu (the Company has sold 1999 put options for a notional volume of 114.3 MMcf per day at an average index price of \$1.82 per MMBtu, thereby releasing the average hedge floor on 114.3 MMcf per day of gas to the lesser of \$2.12 per MMBtu or the index price plus \$.30 per MMBtu). See Notes B, C and J of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data".

*Income taxes.* The Company's ability to realize its deferred tax assets is dependent upon generating sufficient taxable income prior to their expiration. The Company believes that there is a risk, in light of the current economic conditions in the oil and gas industry, that certain of its net operating loss carryforwards and other credit carryforwards may expire unused. In accordance with generally accepted accounting principles, the Company must reduce the carrying value of its deferred tax assets if it cannot be determined that it is more likely than not that it will be able to realize the deferred tax assets in future operating periods. Accordingly, the Company has established a valuation allowance of \$271.1 million in 1998 to reduce the carrying value of the assets. Although realization is not assured for the remaining deferred tax assets, the Company believes it is more likely than not that they will be realized through future taxable earnings or alternative tax planning strategies. However, the net deferred tax assets could be reduced further if the Company's estimate of taxable income in future periods is significantly reduced or alternative tax planning strategies are no longer viable. As a result of this situation, it is likely that the Company's effective tax rate in 1999 will be minimal or nil if the Company recognizes a loss before income taxes. If the Company recognizes income before income taxes in 1999, its effective tax rate will be reduced to the extent that taxable earnings are recognized in those tax jurisdictions relative to which the Company established its 1998 valuation allowances.

*Credit facilities.* As of December 31, 1998, the Company was a borrower under three separate credit facilities (the "Credit Facilities") that provided for combined loan commitments of \$1.4 billion, comprised of a \$1.075 billion primary credit facility (the "Primary Facility") that matures on August 7, 2002; a \$290 million Canadian Credit Facility, (the "Canadian Facility"), which converted in the fourth quarter of 1998 to a \$276 million term loan that matures on December 19, 2003; and an \$85 million credit facility (the "364-day Facility") that matures on August 5, 1999. On December 31, 1998, the Company had \$993.6 million of outstanding borrowings under the Primary Facility, \$276.0 million of outstanding borrowings under the Canadian Facility and no borrowings under the 364-day Facility. As of December 31, 1998, advances on the Credit Facilities bear interest at the option of the Company, based on (a) the prime rate of NationsBank of Texas, N.A. ("Prime Rate") (7.75 percent at December 31, 1998), (b) a Eurodollar rate (substantially equal to the London Interbank Offered Rate ("LIBOR")) adjusted for the reserve requirement as determined by the Board of Governors of the Federal Reserve System with respect to transactions in Eurocurrency liabilities ("LIBOR Rate"), or (c) a competitive bid rate as quoted by the lending banks electing to participate pursuant to a request by the Borrower. The interest rates on the



LIBOR Rate advances vary, with the interest rate margin ranging from 18 basis points to 55 basis points, including commitment utilization fees.

On March 19, 1999, the Company and the syndicate of banks participating in the Credit Facilities executed amendments to the Credit Facilities that provide for a \$495 million reduction in the combined loan commitments under the Credit Facilities by December 31, 1999; an increase in the maximum interest rate margin on LIBOR Rate advances to 350 basis points, including facility and leverage fees; provisions, under certain circumstances, for enhancing the participating banks' collateral rights; and, amendment of certain associated debt covenants, the most restrictive covenant requires the maintenance of a ratio of outstanding Company senior debt to earnings before interest, depletion, depreciation, amortization, income taxes, exploration and abandonment and other non-cash expenses ("EBITDAX") not to exceed 5.75 to one through September 30, 1999, 4.25 to one through March 31, 2000, and 3.5 to one thereafter. Additionally, the amendment provisions provide for the consolidation of the Primary Facility and the Canadian Facility. The 1999 amendments to the Credit Facilities will decrease the Company's liquidity and are expected to increase the Company's weighted average rate of interest on outstanding indebtedness. To satisfy the commitment reduction provisions of the amended Credit Facilities, the Company intends to reduce its outstanding borrowings through the use of funds generated by the individual or combined sources of operating activities, oil and gas property divestitures, borrowings under subordinated debt agreements or additional issuances of equity. The ultimate impact of the amendments on the Company's results of operations and financial condition as of and for the year ending December 31, 1999 is uncertain and will depend on the amount of debt reduction that the Company is able to achieve in 1999. See "Results of Operations — Capital Commitments, Capital Resources and Liquidity", below, and Note E to Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" for further discussions relative to the Company's Credit Facilities and outstanding borrowings.

## **Trends and Uncertainties**

### ***Commodity Prices***

The realized oil and gas prices that Pioneer reports are based on the market price received for the commodity adjusted by the results of the Company's hedging activities. Historically, worldwide oil and gas prices have been volatile and subject to significant changes in response to real and perceived conditions in world politics, weather patterns and other fundamental supply and demand variables.

Since 1996, there has been a declining trend in world oil prices and, more recently but to a lesser extent, natural gas prices. The benchmark daily average NYMEX West Texas Intermediate crude oil closing price for the year ended December 31, 1998 has declined 30 percent and 35 percent, respectively, as compared with the same averages for 1997 and 1996; and, the benchmark daily average NYMEX Henry Hub closing natural gas price for the year ended December 31, 1998 has declined 14 percent and 15 percent, respectively, as compared with the same averages for 1997 and 1996.

### ***Asset Dispositions***

As is discussed in "1999 Outlook", above, the Company has announced its intentions to sell non-strategic oil and gas assets for gross proceeds of \$500 million to \$600 million in 1999 and 2000. In February 1998, the Company announced its intentions to sell domestic non-strategic properties and subsequently signed a purchase and sale agreement (the "Agreement") to sell certain oil and gas properties representing approximately 10 percent of the Company's proved reserves. In December 1998, Pioneer announced the re-negotiation of the Agreement and the sale of an exclusive and irrevocable option to the buyer to



purchase the same properties on or before March 31, 1999. The proceeds associated with the re-negotiated terms total \$335 million, of which \$41 million represents an irrevocable option fee that has been paid to the Company as of December 31, 1998. The Company's realization of the remaining \$294 million of proceeds, which would be used to reduce outstanding indebtedness, is primarily dependent upon the buyer's ability to finance the purchase and certain other contingencies defined in the Agreement. As a result, there can be no assurance that the divestiture of any or all of the properties will be completed or that the remaining proceeds will be realized. The Company is continuing to review its portfolio of oil and gas properties to identify other non-strategic properties for divestiture. The realization of the Company's plans to divest of the other non-strategic oil and gas properties in 1999 or in 2000 is contingent upon, among other things, the Company's ability to find one or more purchasers willing to purchase the non-strategic assets at prices acceptable to the Company and the purchasers' ability to complete the transaction. There can be no assurances that the Company will be successful in completing the divestitures in 1999 or in 2000.

### ***Asset Impairments and Valuation Allowances***

Neither the longevity nor the extent of the current trend of declining commodity prices can be assessed with any degree of certainty. A continuation of the trend, or other relevant factors, could result in further impairment provisions to the carrying value of the Company's proved and unproved properties or additional valuation allowances to the Company's deferred tax assets in the future, which could have a material adverse effect on the Company's financial condition and results of operations. See Notes B, M and O of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information and disclosures regarding the Company's accounting policies and attributes pertaining to asset impairments and income tax valuation allowances.

### ***Foreign Currencies***

The Company has oil and gas business dealings in Canada, Argentina, South Africa and Gabon. Historically, crude oil sales contracts have been United States dollar denominated, which significantly reduces foreign currency risks associated with crude oil operations. Additionally, the Canadian dollar to United States dollar exchange rate remains relatively stable. The functional currency of the Company's Argentine operations is the Argentine peso. Presently, the Argentine peso is valued on a one-to-one relationship with the United States dollar. The functional currencies of the Company's South African and Gabon operations are the United States dollar. The Company's operations in South Africa and Gabon are not presently of a magnitude that would generate significant foreign currency risk. Although the above described currency relationships are not expected to change significantly in the near future, economic and other factors can cause significant and sudden changes in foreign currency exchange rates that could materially impact the Company's financial position and future results of operations.

### ***Year 2000 Project Readiness***

Historically, many computer programs have been developed that use only the last two digits in a date to refer to a year. As the year 2000 nears, the inability of such computer programs and embedded technologies to distinguish between "1900" and "2000" has given rise to the "Year 2000" problem. Theoretically, such computer programs and related technology could fail outright or communicate inaccurate data, if not remediated or replaced. With the proliferation of electronic data interchange, the Year 2000 problem represents a significant exposure to the entire global community, the full extent of which cannot be accurately assessed.

In proactive response to the Year 2000 problem, the Company established a "Year 2000" project to



assess, to the extent possible, the Company's internal Year 2000 problem; to take remedial actions necessary to minimize the Year 2000 risk exposure to the Company and significant third parties with whom it has data interchange; and, to test its systems and processes once remedial actions have been taken. The Company has contracted with IBM Global Services to perform the assessment and remedial phases of its Year 2000 project.

The assessment phase of the Company's Year 2000 project is at varying stages of completion as it pertains to information technology and non-information technology applications and systems in the United States, Canada and Argentina. As of December 31, 1998, the Company estimates that the assessment phase is approximately 86 percent complete on a worldwide basis and has included, but is not limited to, the following procedures:

- the identification of necessary remediation, upgrade and/or replacement of existing information technology applications and systems;
- the assessment of non-information technology exposures, such as telecommunications systems, security systems, elevators and process control equipment;
- the initiation of inquiry and dialogue with significant third party business partners, customers and suppliers in an effort to understand and assess their Year 2000 problems, readiness and potential impact on the Company and its Year 2000 problem;
- the implementation of processes designed to reduce the risk of reintroduction of Year 2000 problems into the Company's systems and business processes; and,
- the formulation of contingency plans for mission-critical information technology systems.

The Company expects to complete the assessment phase of its Year 2000 project by the end of the first quarter of 1999 but is being delayed by limited responses received on inquiries made of third party businesses. To date, the Company has distributed Year 2000 problem inquiries to over 500 entities and has received responses to approximately 37 percent of those inquiries.

The remedial phase of the Company's Year 2000 project is also at varying stages of completion as it pertains to the remediation of information technology and non-information technology applications and systems in the United States, Canada and Argentina. As of December 31, 1998, the Company estimates that the remedial phase is approximately 54 percent complete, on a worldwide basis, subject to the continuing results of the third party inquiry assessments and the testing phase. The remedial phase has included the upgrade and/or replacement of certain application and hardware systems. The Company has upgraded its Artesia general ledger accounting systems through remedial coding and is currently testing this system for Year 2000 compliance. The remediation of non-information technology is expected to be completed during July 1999. The Company's Year 2000 remedial actions have not significantly delayed other information technology projects or upgrades.

The testing phase of the Company's Year 2000 project is on schedule. The Company expects to complete the testing of the Artesia system upgrades by March 1999 and all other information technology systems and non-information technology remediation by the end of the third quarter of 1999.

The Company expects that its total costs related to the Year 2000 problem will approximate \$3.6 million, of which approximately \$500 thousand will have been incurred to replace non-compliant information technology systems. The Company intends to use its working capital to pay for the costs of the Year



2000 projects. As of December 31, 1998, the Company's total costs incurred on the Year 2000 problem were \$1.8 million, of which \$200 thousand were incurred to replace non-compliant systems.

The risks associated with the Year 2000 problem are significant. A failure to remedy a critical Year 2000 problem could have a materially adverse affect on the Company's results of operations and financial condition. The most likely worst case scenario which may be encountered as a result of a Year 2000 problem could include information and non-information system failures, the receipt or transmission of erroneous data, lost data or a combination of similar problems of a magnitude that cannot be accurately assessed at this time.

In the assessment phase of the Company's Year 2000 project, contingency plans are being designed to mitigate the exposures to mission critical information technology systems, such as oil and gas sales receipts; vendor and royalty cash distributions; debt compliance; accounting; and, employee compensation. Such contingency plans anticipate the extensive utilization of third-party data processing services, personal computer applications and the substitution of courier and mail services in place of electronic data interchange. Given the uncertainties regarding the scope of the Year 2000 problem and the compliance of significant third parties, there can be no assurance that contingency plans will have anticipated all Year 2000 scenarios.

### Accounting for Derivatives

In June 1998, the Financial Accounting Standards Board issued Statement of Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). SFAS 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, (collectively referred to as derivatives) and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as (a) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, (b) a hedge of the exposure to variable cash flows of a forecasted transaction, or (c) a hedge of the foreign currency exposure of a net investment in a foreign operation, an unrecognized firm commitment, an available-for-sale security, or a foreign-currency-denominated forecasted transaction.

SFAS 133 is effective for all fiscal quarters of fiscal years beginning after June 15, 1999. The Company has not determined what effect, if any, SFAS 133 will have on its consolidated financial statements.

### Results of Operations

#### *Oil and Gas Production*

The following table describes the results of the Company's oil and gas production activities during 1998, 1997 and 1996.

	Year ended December	
	1998	1997
	(in thousands, except and cost data)	
Revenues:		
Oil and gas.....	\$ 711,492	\$ 536,

Gain on disposition of oil and gas properties, net(a).....	53	3,
	711,545	540,
Costs and expenses:		
Oil and gas production.....	223,551	144,
Depletion.....	322,294	204,
Impairment of oil and gas properties.....	459,519	1,356,
Exploration and abandonments.....	51,008	37,
Geological and geophysical.....	70,850	39,
	1,127,222	1,782,
Operating profit (loss) (excluding general and administrative expense and income taxes).....	\$ (415,677)	\$ (1,242,
	=====	=====

(a) The 1997 amount does not include the gain related to the disposition of the Company's subsidiary that owned an interest in oil and gas properties in Turkey. The 1996 amount does not include the gain related to the disposition of the Company's Australasian assets. See Note L of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data".

Year ended Decem

	1998	1997
	-----	-----
	(in thousands, except	
	and cost dat	
Production:		
Oil (MBbls).....	21,554	13,61
NGLs (MBbls).....	10,669	4,26
Gas (MMcf).....	183,913	104,86
Total (MBOE).....	62,875	35,36
Average daily production:		
Oil (Bbls).....	59,052	37,30
NGLs (Bbls).....	29,231	11,69
Gas (Mcf).....	503,872	287,30
Average oil price (per Bbl).....	\$ 13.08	\$ 18.5
Average NGL price (per Bbl).....	\$ 8.90	\$ 12.5
Average gas price (per Mcf).....	\$ 1.82	\$ 2.2
Costs:		
Lease operating expense (per BOE).....	\$ 3.04	\$ 3.0
Production taxes (per BOE).....	.40	.8
Workover costs (per BOE).....	.12	.2
	-----	-----
Total production costs (per BOE).....	\$ 3.56	\$ 4.0
	=====	=====
Depletion (per BOE).....	\$ 5.13	\$ 5.7

**Oil and Gas Revenues.** Revenues from oil and gas operations totaled \$711.5 million in 1998, \$536.8 million in 1997 and \$396.9 million in 1996, representing a 33 percent increase from 1997 to 1998 and a 35 percent increase from 1996 to 1997. The revenue increase from 1997 to 1998 is reflective of a 78 percent increase in BOE production, offset by a 29 percent, 29 percent and 17 percent decline in prices for oil, NGLs and gas, respectively, from 1997 to 1998. The increase in production during 1998 was primarily attributable to a full year of production realized from the Mesa and Chauvco properties acquired in 1997. The increase in revenue from 1996 to 1997 is primarily attributable to increases in oil and gas



production, offset by declines in commodity prices. The majority of the increased production during 1997 was a direct result of the oil and gas properties acquired from Mesa.

Parker & Parsley historically accounted for processed natural gas production as wellhead production on a wet gas basis, while Mesa accounted for processed natural gas production in two components: natural gas liquids and dry residue gas. The combined entities own three major gas processing facilities, and the majority of the gas processed by these facilities is owned by the Company and produced by Company-operated properties. Consequently, the Company now produces a higher proportion of processed gas relative to total natural gas production and accounts for any processed natural gas production as natural gas liquids and dry residue gas.

Production volumes for 1998 increased by 78 percent from 35,363 MBOE to 62,875 MBOE. This increase is primarily reflective of a full year of production realized from the properties acquired from Mesa and Chauvco, but also was impacted favorably by the Company's exploration and development projects. The properties acquired from Mesa and Chauvco contributed 97 percent of the production growth from 1997 to 1998. Excluding the production associated with the Mesa and Chauvco properties and other properties sold during 1998 and 1997, production increased nine percent during 1998, as compared to 1997, on a BOE basis.

On a BOE basis, production increased by 48 percent for the year ended December 31, 1997, as compared to the same period in 1996. The additional production volumes from the Mesa properties contributed 85 percent of production growth from 1996 to 1997. The remainder of the increase is a direct result of the successes of the Company's exploration and exploitation efforts. Such production growth was particularly evident in light of the fact that a portion of the average daily oil and gas production for 1996 related to properties included in the 1996 sale of the Company's Australasian subsidiaries and the 1996 sale of certain non-strategic domestic assets. Excluding production associated with assets sold during 1996 and the Mesa properties acquired in 1997, on a BOE basis, production increased 14 percent for the year ended December 31, 1997 as compared to the year ended 1996.

The average oil price received for the year ended December 31, 1998 decreased 29 percent (from \$18.51 per Bbl in 1997 to \$13.08 per Bbl in 1998); the average NGL price received in 1998 decreased 29 percent (from \$12.59 per Bbl in 1997 to \$8.90 per Bbl in 1998); and the average gas price received in 1998 decreased 17 percent (from \$2.20 per Mcf in 1997 to \$1.82 per Mcf in 1998). The average oil price received for the year ended December 31, 1997 decreased seven percent (from \$19.96 per Bbl in 1996 to \$18.51 per Bbl in 1997), and the average gas price received decreased three percent (from \$2.27 per Mcf in 1996 to \$2.20 per Mcf in 1997). During 1997, the Company received an average of \$12.59 per Bbl for NGLs.

### *Hedging Activities*

The oil and gas prices that the Company reports are based on the market price received for the commodities adjusted by the results of the Company's hedging activities. The Company utilizes commodity derivative contracts (swaps, futures and options) in order to (i) reduce the effect of the volatility of price changes on the commodities the Company produces and sells, (ii) support the Company's annual capital budgeting and expenditure plans and (iii) lock in prices to protect the economics related to certain capital projects.

*Crude Oil.* All material purchase contracts governing the Company's oil production are tied directly or indirectly to NYMEX prices. The average oil price per Bbl that the Company reports includes the effects of oil quality, gathering and transportation costs and the net effect of the oil hedges. The Company's



average realized price for physical oil sales (excluding hedge results) for the years ended December 31, 1998, 1997 and 1996 was \$11.93 per Bbl, \$19.09 per Bbl and \$21.33 per Bbl, respectively. During the year ended December 31, 1998, the Company recorded a \$24.8 million net increase to oil revenues as a result of its oil price hedges. During the fourth quarter of 1998, the Company terminated its 1999 crude oil hedge positions and recognized a deferred gain of \$14.0 million associated therewith. The deferred hedge gains will be recognized as oil revenue during the year ended December 31, 1999 in the amount of \$3.5 million per calendar quarter. The Company recorded net reductions to oil revenues of \$7.9 million and \$15.4 million for the years ended December 31, 1997 and 1996, respectively, as a result of its oil price hedges.

**Natural Gas Liquids.** During 1998, the Company did not enter into natural gas liquids price hedge contracts. During the year ended December 31, 1997, the Company realized an average natural gas liquids price for physical sales (excluding hedge results) of \$12.61 per Bbl and recorded a net decrease to natural gas liquids revenue of \$77,600 as a result of hedging.

**Natural Gas.** The Company employs a policy of hedging a portion of its gas production based on the index price upon which the gas is actually sold in order to mitigate the basis risk between NYMEX prices and actual index prices. The average gas price per Mcf that the Company reports includes the effects of Btu content, gathering and transportation costs, gas processing and shrinkage and the net effect of the gas hedges. The Company's average realized price for physical gas sales (excluding hedge results) for the years ended December 31, 1998, 1997 and 1996 was \$1.80 per Mcf, \$2.41 per Mcf and \$2.39 per Mcf, respectively. For the year ended December 31, 1998, the Company recorded a net increase to gas revenues of \$3.6 million as a result of its gas price hedges. The Company recorded net reductions to gas revenues of \$21.9 million and \$9.0 million for the years ended December 31, 1997 and 1996, respectively, as a result of its gas price hedges.

See Note J of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for information concerning the Company's open hedge positions at December 31, 1998 and the related prices to be realized.

**Production Costs.** Total production costs per BOE decreased in 1998 and 1997 by approximately 13 percent and 11 percent, respectively (from \$4.61 in 1996 to \$4.08 in 1997 to \$3.56 in 1998). The primary component of production costs, lease operating expense, remained constant in 1998 and decreased by 12 percent in 1997. Workover costs declined by 52 percent in 1998 and seven percent in 1997. These costs represent the majority of the oil and gas property operating expenses over which the Company has control and the costs on which the Company has focused its reduction efforts. Production taxes, which are correlated with volumes and prices, declined 51 percent in 1998 and 11 percent in 1997 reflecting the decline in commodity prices over the past two years. As discussed more fully in "Natural Gas Processing" below, the Company adopted a new method of reporting the financial results of its natural gas processing facilities in 1997, and is now presenting these results as oil and gas production activities. In 1998 and 1997, the operating margin from the Company's gas plants (i.e., third party processing revenues less processing costs and expenses) are included in oil and gas production costs, specifically lease operating expense. The additional reductions in lease operating expense during the three years ended December 31, 1998 are primarily due to the Company's concentrated efforts to evaluate and reduce all operating costs and the sale of certain high operating cost properties during 1996.

**Depletion Expense.** Depletion expense per BOE decreased 11 percent in 1998 (to \$5.13 in 1998 from \$5.78 in 1997) and increased 34 percent in 1997 (from \$4.30 in 1996). The decrease in 1998 was primarily due to the 1997 provision for impairment that reduced the per BOE carrying values of the Company's oil and gas properties in accordance with SFAS 121 (see "Impairment of Oil and Gas



Properties" below). The increase in depletion expense per BOE in 1997 was primarily associated with the fair value allocated to Mesa's long-lived, low production cost natural gas reserves.

**Impairment of Oil and Gas Properties.** In accordance with Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" ("SFAS 121"), the Company reviews its oil and gas properties for impairment whenever events or circumstances indicate a decline in the recoverability of the carrying value of the Company's assets may have occurred. Declining commodity prices in 1998 and 1997, the Company's outlook for future commodity prices and 1998 performance issues relative to certain oil and gas properties, prompted impairment reviews. As a result of these reviews, the Company recognized non-cash pre-tax charges of \$312.2 million and \$1.4 billion in 1998 and 1997, respectively, related to its proved oil and gas properties.

In accordance with Statement of Financial Accounting Standards No. 19, "Accounting and Reporting by Oil and Gas Producing Companies" ("SFAS 19"), the Company periodically assesses its unproved properties to determine whether they have been impaired. An unproved property may be impaired if the Company does not intend to drill the prospect as a result of downward revisions to potential proved reserves, if the results of exploration or the Company's outlook for future commodity prices indicate that the potential proved reserves are not sufficient to generate net cash flows to recover the investment required by the project, or if the Company intends to sell the property for less than its carrying value. The Company has assessed its unproved oil and gas properties for impairment and in 1998 recognized a non-cash pre-tax impairment charge of \$147.3 million to reduce the carrying value of its unproved oil and gas properties.

**Exploration and Abandonments/Geological and Geophysical Costs.** Exploration and abandonments/geological and geophysical costs totaled \$121.9 million, \$77.2 million and \$21.7 million for the years ended December 31, 1998, 1997 and 1996, respectively. The following table sets forth the components of the Company's 1998, 1997 and 1996 exploration and abandonments/geological and geophysical costs:

	Year ended December		
	1998	1997	
	(in thousands)		
Exploratory dry holes:			
United States.....	\$ 15,737	\$27,183	\$
Argentina.....	4,426	252	
Canada.....	1,949	--	
Other foreign.....	9,486	5,442	
Geological and geophysical costs:			
United States.....	42,755	37,987	
Argentina.....	9,999	1,570	
Canada.....	14,244	--	
Other foreign.....	3,851	--	
Leasehold abandonments and other.....	19,411	4,726	
	<u>\$121,858</u>	<u>\$77,160</u>	<u>\$</u>

Approximately 30 percent of the Company's 1998 exploration/exploitation capital budget was spent on exploratory projects as compared to 28 percent in 1997 and 18 percent in 1996. The increase in 1998 exploratory costs is primarily due to the initial expenditures made to explore the Argentine and Canadian



properties acquired from Chauvco and the Company's exploration program in South Africa. The increase in 1997 was primarily the result of increased domestic exploratory drilling and geological and geophysical activity due to the expansion of the Company's exploration program. The Company currently anticipates that its 1999 exploration efforts, although curtailed to reduce debt, will be concentrated domestically in the Gulf of Mexico and onshore Gulf Coast region. The Company will participate in one or two wells in the Gulf of Mexico deep-water Mississippi Canyon Block 305 and two wells in either the onshore Gulf Coast area or in East Texas where several shallower exploration prospects have been defined from Pioneer's 3-D database. The Company's exploration programs in South Africa, Gabon, and the Gulf Coast transition zone are targeted for comprehensive studies that will focus on analysis, ranking and timing of prospects during 1999.

### ***Natural Gas Processing***

The Company historically reflected its ownership interests in and revenues and expenses related to its natural gas processing facilities as separate items in the consolidated financial statements while Mesa reported revenues and expenses from its natural gas processing facilities as oil and gas production costs. During the last four years, the Company has sold its interests in 12 natural gas processing facilities and now owns interests in seven facilities. The ownership interest in the remaining gas plant facilities and the related results of operations from third party gas processed through such facilities are not material to the Company's financial position. To report the results of gas processing activities consistently within the financial statements, during 1997, the Company reclassified the natural gas processing facilities into oil and gas properties for financial statement purposes and will report all third party revenues and expenses from its natural gas processing facilities in oil and gas production costs.

In 1996, natural gas processing revenues were \$23.8 million and natural gas processing costs were \$12.5 million. The average price per Bbl of NGLs was \$15.10 in 1996, while the average price per Mcf of residue gas was \$2.15. During January 1996, the Company realized proceeds of \$2.1 million from sales of gas plants and related assets which resulted in the Company recognizing a net pre-tax gain of \$639 thousand. Additionally, the Company recognized non-cash pre-tax charges of \$1.3 million related to abandonments of certain of the Company's gas processing facilities and the cancellation of certain gas processing contracts.

### ***General and Administrative Expense***

General and administrative expense was \$73 million in 1998, \$48.8 million in 1997 and \$28.4 million in 1996, representing a 50 percent increase from 1997 to 1998 and a 72 percent increase from 1996 to 1997. The increases from 1996 to 1997, and 1997 to 1998, resulted from the increased size of the Company and relocation costs caused by the merger between Parker & Parsley and Mesa and the acquisition of Chauvco.

### ***Reorganization***

During 1998, the Company announced its plans to sell certain non-strategic oil and gas fields, its intentions to reorganize its operations by combining its six domestic operating regions and other cost reduction initiatives intended to allow Pioneer to better adapt to declining oil and gas commodity price trends. Specific cost reduction initiatives included the relocation of most of the Company's administrative services from Midland, Texas to Irving, Texas; the closings of the Company's regional offices in Oklahoma City, Oklahoma, Corpus Christi, Texas and Houston, Texas; the termination of 350 employees including several officer positions; and, further centralization of the Company's organizational structure. Associated with these initiatives, the Company recognized a pre-tax reorganization charge of \$33.2



million in 1998. In addition, the Company anticipates that another \$5 million of reorganization charges will be incurred during the first quarter of 1999. See Note N of Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" for specific information regarding reorganization costs paid in 1998 and costs unpaid as of December 31, 1998.

### *Interest Expense*

Interest expense was \$164.3 million in 1998, \$77.6 million in 1997 and \$46.2 million in 1996. The increase in interest expense from 1997 to 1998 primarily reflects the increase in the weighted average outstanding balance of Company indebtedness that resulted from a full year of debt assumed from Mesa and Chauvco in 1997 and approximately \$190 million of debt incurred to fund 1998 additions to oil and gas properties. The increase from 1996 to 1997 is primarily the result of an increase in the weighted average outstanding balance of the Company's indebtedness during 1997 as compared to 1996 due to the additional debt assumed from Mesa. In addition, the 1997 and 1996 amounts included \$6 million and \$12 million of interest, respectively, associated with the preferred stock of the Company's subsidiary, Parker & Parsley Capital LLC, which was converted to common stock of the Company in July 1997 (see Note I of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data"). The 1998, 1997 and 1996 amounts also include \$1.1 million, \$1.2 million and \$1.3 million, respectively, of amortization of capitalized loan fees.

During each of the years 1998, 1997 and 1996, the Company was a party to various interest rate swap agreements. As a result, the Company recorded a reduction in interest expense of \$356 thousand, \$847 thousand and \$787 thousand for the years ended December 31, 1998, 1997 and 1996, respectively. For a description of the Company's interest rate swap agreements, see Note J of Notes to the Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data".

### *Other Expense*

Other expense was \$39.6 million, \$7.1 million and \$2.5 million for the years ended December 31, 1998, 1997 and 1996, respectively. The \$32.5 million increase in other expense from 1997 to 1998 was comprised of several factors, including a \$14.7 million 1998 non-cash, pre-tax, mark-to-market adjustment of Canadian dollar to United States dollar currency swaps which were acquired with Chauvco in December 1997; a \$9.6 million 1998 non-cash, pre-tax write-off of deferred compensation that resulted from certain incentive plan change of control provisions that were triggered by a 1998 increase in an investment fund's beneficial ownership in the Company; \$4.4 million of other expense items related to the Company's operations in Argentina and Canada; and, a \$2.3 million increase in bad debt expense. The \$4.6 million increase in other expense during 1997 as compared to 1996 primarily resulted from the \$5.2 million non-cash, pre-tax, mark-to-market adjustment of the December 31, 1997 carrying value of the Company's BTU swap agreement that was originally entered into by Mesa. During 1998, the Company recognized a \$5.8 million non-cash, pre-tax, mark-to-market adjustment of the carrying value of the BTU swap agreement.

Future mark-to-market adjustments of the Company's non-hedge derivatives cannot be quantified with any degree of certainty. Such adjustments could significantly impact the Company's future results of operations, financial position and cash flows. See Notes F and J to the accompanying Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for further discussions pertaining to the incentive plan change of control provisions and the Company's BTU swap agreement and other mark-to-market derivatives.

### *Income Taxes*



For the years ended December 31, 1998, 1997 and 1996, the Company recognized, exclusive of the tax effect of the 1997 extraordinary loss, a consolidated tax provision of \$15.6 million, a tax benefit of \$500.3 million and a tax provision of \$60.1 million, respectively. The tax provision for the year ended December 31, 1998 includes a \$271.1 million deferred tax valuation charge to reduce the carrying value of the Company's deferred tax assets. During the fourth quarter of 1998, the Company reviewed its deferred tax assets, and in light of the current economic conditions in the oil and gas industry, and the Company's outlook for future commodity prices, and the Company's performance over the past two years; the Company believes that certain of its net operating losses may expire unused, and accordingly, has established a valuation allowance against them.

The Company's annual income tax provisions or benefits were determined from the separate tax calculation prepared for each tax jurisdiction in which the Company is subject to income taxes. For 1998, 1997 and 1996, the Company had effective total tax rates of approximately two percent, 36 percent and 30 percent, respectively. See Note O of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for further discussion of the Company's income tax provision and benefits.

### ***Extraordinary Items***

On December 18, 1997, the Company completed a cash tender offer for a significant portion of the 11 5/8% senior subordinated discount notes due 2006 and the 10 5/8% senior subordinated notes due 2006 (the "10 5/8% Notes") (collectively, the "Subordinated Notes") assumed from Mesa for a redemption price of \$829.90 and \$1,171.40, respectively, per \$1,000 tendered plus any interest accrued on the 10 5/8% Notes (the "Tender Offer"). As a result of the Tender Offer, the Company recognized an extraordinary loss on early extinguishment of debt of \$11.9 million (net of a related tax benefit of \$6.4 million) during the fourth quarter of 1997. The Company financed the purchase price of the Subordinated Notes tendered in the offer with borrowings under its bank credit facility.

The accompanying Consolidated Statement of Operations and Comprehensive Income (Loss) for the year ended December 31, 1997 also includes a \$1.5 million (net of a related tax benefit of \$800 thousand) non-cash charge for an extraordinary loss on early extinguishment of debt resulting from the mergers. This extraordinary loss relates to capitalized issuance fees associated with Parker & Parsley's previously existing bank credit facility, which was replaced by a new credit facility agreement for the Company.

### ***Capital Commitments, Capital Resources and Liquidity***

***Capital Commitments.*** The Company's primary needs for cash are for exploration, development and acquisitions of oil and gas properties, repayment of principal and interest on outstanding indebtedness and working capital obligations.

The Company's cash expenditures during 1998, 1997 and 1996 for additions to oil and gas properties (including individual property acquisitions, but not including company acquisitions) totaled \$507.3 million, \$428.6 million and \$219.4 million, respectively. The 1998 amount includes \$450.3 million of development and exploratory drilling and seismic costs, of which \$332.0 million, or 74 percent, were development expenditures. During 1998, \$308.2 million, or 68 percent, of the Company's drilling and seismic expenditures occurred in the United States, of which \$167.4 million, or 54 percent, was expended in the Gulf Coast area and \$112.6 million, or 37 percent, was expended in the Permian Basin area. Also, during 1998, the Company expended \$142.1 million, or 32 percent, of its drilling and seismic capital in its international regions, located in Canada (\$65.8 million, or 15 percent of worldwide drilling and seismic



expenditures), Argentina (\$57.5 million, or 13 percent of worldwide drilling and seismic expenditures) and other international areas (\$18.8 million, or four percent of worldwide drilling and seismic expenditures), including South Africa and Gabon. The 1997 amount includes \$292.6 million for development and exploratory drilling when, as in 1996, the Company's drilling activities were focused primarily in the Spraberry field of the Permian Basin. Significant drilling expenditures in 1997 included \$99.0 million in the unitized portion of the Spraberry field of the Permian Basin (including \$47.6 million in the Driver unit, \$12.7 million in the Preston unit, \$12.6 million in the Shackelford unit, \$12.2 million in the North Pembroke unit and \$10.5 million in the Merchant unit), \$14.9 million in other portions of the Spraberry field, \$46.5 million in other areas of the Permian Basin, \$91.3 million in the onshore and offshore Gulf Coast area, \$29.9 million in the Mid Continent area and \$11.0 million in Argentina and Guatemala.

The Company's 1999 capital expenditure budget has been set at \$100 million, reflecting planned expenditure reductions in support of the Company's intention to reduce outstanding indebtedness and to increase financial flexibility. Capital expenditures for 1999 are expected to include \$75 million for exploitation activities and \$25 million for exploration activities. The Company budgets its capital expenditures based on projected internally-generated cash flows and routinely adjusts the level of its capital expenditures in response to anticipated changes in cash flows.

Funding for the Company's working capital obligations is provided by internally-generated cash flow. Funding for the repayment of principal and interest on outstanding debt and the Company's capital expenditure program may be provided by any combination of internally-generated cash flow, proceeds from the disposition of non-strategic assets or alternative financing sources as discussed in "Capital Resources" below.

**Capital Resources.** The Company's primary capital resources are net cash provided by operating activities, proceeds from financing activities and proceeds from sales of non-strategic assets. The Company expects that these resources will be sufficient to fund its capital commitments in 1999.

### *Operating Activities*

Net cash provided by operating activities during 1998, 1997 and 1996 were \$314.1 million, \$228.2 million and \$230.1 million, respectively. Net cash provided by operating activities in 1998 increased 38 percent over that of 1997 as a result of the increased production realized from the properties acquired from Mesa and Chauvco, partially offset by declining commodity prices and increased general and administrative expenses, reorganization expenditures, and interest expense. Net cash provided by operating activities in 1997 was comparable to that of 1996. Increased production in 1997 was offset by increased general and administrative expenses and interest expenses and the payment of certain liabilities assumed from Mesa, including severance payments made to former Mesa employees.

### *Financing Activities*

As described more fully in Note E of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data", as of December 31, 1998 the Company was a borrower under three credit facility agreements with a syndicate of banks which provided for a total bank credit facility of \$1.4 billion as of December 31, 1998. The Company had an outstanding balance under its Primary Facility at December 31, 1998 of \$993.6 million (including outstanding, undrawn letters of credit of \$19.6 million), leaving approximately \$81 million of unused borrowing base available as of December 31, 1998. The Company had no outstanding borrowings under its 364-day Facility as of December 31, 1998, leaving \$85 million of borrowing capacity unused on that date. At December 31, 1998, the



Company also had \$276.0 million of term loan borrowings outstanding under its Canadian Facility, representing the total borrowing capacity under the Canadian Facility. During the first quarter of 1999, the Company and the participating banks amended the Credit Facilities whereby the Primary Facility and the Canadian Facility were consolidated; the total loan commitments under the Credit Facilities were reduced by \$495 million by December 31, 1999; the interest rate on LIBOR Rate advances increased to a maximum of 350 basis points; and, certain other Credit Facility amendments as described in "1999 Outlook," above.

At December 31, 1998, the Company had four other outstanding significant debt issuances. Such debt issuances consist of (i) \$150 million aggregate principal amount of 8 7/8% senior notes issued by Parker & Parsley in 1995 and due in 2005 (carrying value of \$150.0 million); (ii) \$150 million aggregate principal amount of 8 1/4% senior notes issued by Parker & Parsley in 1995 and due in 2007 (carrying value of \$149.4 million); (iii) \$350 million aggregate principal amount of 6 1/2% senior notes issued by Pioneer in 1998 and due in 2008 (carrying value of \$348.4 million); and, (iv) \$250 million aggregate principal amount of 7 1/5% senior notes issued by Pioneer in 1998 and due in 2028 (carrying value of \$249.9 million).

The weighted average interest rate for the year ended December 31, 1998 on the Company's indebtedness was 7.16 percent as compared to 7.04 percent for the year ended December 31, 1997 and 7.83 percent for the year ended December 31, 1996 (taking into account the effect of interest rate swaps).

As the Company continues to pursue its strategy, it may utilize alternative financing sources, including the issuance for cash of fixed rate long-term public debt, convertible securities or preferred stock. The Company may also issue securities in exchange for oil and gas properties, stock or other interests in other oil and gas companies or related assets. Additional securities may be of a class preferred to common stock with respect to such matters as dividends and liquidation rights and may also have other rights and preferences as determined by the Company's Board of Directors.

#### *Sales of Non-strategic Assets*

During 1998, 1997 and 1996, proceeds from the sale of non-strategic assets totaled \$21.9 million, \$115.7 million and \$58.4 million, respectively. In addition, during 1996, the Company sold certain subsidiaries resulting in cash proceeds of \$183.2 million (see Note L of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data"). The proceeds from these sales were primarily utilized to reduce the Company's outstanding bank indebtedness and for general working capital purposes.

As is more fully discussed in "1999 Outlook", above, the Company announced its intentions to sell certain domestic non-strategic properties for gross proceeds of \$335 million. These properties represent approximately 10 percent of the Company's reserves at December 31, 1998. Although the Company plans to complete this sale during the first quarter of 1999, there can be no assurance that the buyer will be able to consummate the transaction. The Company anticipates that it will continue to sell non-strategic properties from time to time to reduce outstanding indebtedness, increase capital resources available for other activities and to achieve operating and administrative efficiencies and improved profitability.

In January 1999, the Company announced its intentions to divest, during 1999 and 2000, non-strategic properties for gross divestment proceeds, including the currently pending divestiture, of \$500 million to \$600 million. There can be no assurances that the Company will be successful negotiating or completing such divestitures within the 1999 to 2000 time frame. The consummation of the Company's 1999 and 2000 divestiture plan is entirely dependent on finding one or more willing purchasers who have the



financial wherewithal to complete such purchases. Until such purchasers are found, the Company may reevaluate its portfolio of properties and at any time may adjust its plans concerning divestitures. As a result, there can be no assurance that the divestiture of any or all of these properties will be completed or that the estimated proceeds will be realized.

**Liquidity.** At December 31, 1998, the Company had \$59.2 million of cash and cash equivalents on hand, compared to \$71.7 million at December 31, 1997. The Company's ratio of current assets to current liabilities was .38 at December 31, 1998 and 1.18 at December 31, 1997. The decline in the ratio is primarily reflective of \$306.5 million of current maturities of long-term debt as of December 31, 1998, including required reductions in borrowings under the Company's Credit Facilities and other current debt obligations. See "1999 Outlook — Credit facilities," above, and Note E of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for further discussions regarding amendments to the Company's Credit Facilities.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following quantitative and qualitative information is provided about financial instruments to which the Company is a party as of December 31, 1998, and from which the Company may incur future earnings gains or losses from changes in market interest rates, foreign exchange rates, commodity prices or common stock prices. Although certain derivative contracts that the Company is a party to do not qualify as hedges, the Company does not enter into derivative or other financial instruments for trading purposes.

### Quantitative Disclosures

**Interest rate sensitivity.** The following table provides information, in United States dollar equivalent amounts, about the Company's derivative financial instruments and other financial instruments that the Company is a party to as of December 31, 1998 which are sensitive to changes in interest rates. For debt obligations, the table presents maturities by expected maturity dates together with the weighted average interest rates expected to be paid on the debt, given current contractual terms and market conditions. For fixed rate debt, the weighted average interest rate represents the contractual fixed rates that the Company is obligated to periodically pay on the debt; for variable rate debt, the average interest rate represents the average rates being paid on the debt projected forward proportionate to the forward yield curve for United States treasury securities. For the Canadian dollar denominated financial instruments, the most recent average forward United States dollar to Canadian dollar exchange rate is presented for the readers' information. For interest rate derivatives that the Company is a party to and that are related to the Company's total debt, the notional contractual amounts are presented together with the average rates paid and received by the Company.

### Pioneer Natural Resources Company Interest Rate Sensitivity Derivative And Other Financial Instruments As Of December 31, 1998

	1999	2000	2001	2002
	-----	-----	-----	-----
	(in thousands except i			
Total Debt:				
U.S. dollar denominated maturities:				
Fixed rate debt.....	\$ 330	\$ --	\$ --	\$ 1,50
Weighted average interest rate.....	7.50%	7.50%	7.50%	7.5
Variable rate debt.....	\$306,191	\$ --	\$ --	\$932,84



Average interest rate.....	5.85%	5.87%	5.89%	5.9
Interest Rate Derivatives Related to Total Debt:				
U.S. dollar denominated hedge derivatives:				
Notional amount of interest rate swaps(2).....	\$150,000			
Average variable rate paid.....	5.18%			
Average fixed rate received.....	6.62%			
Canadian dollar denominated non-hedge derivatives:				
Notional amount of interest rate cap(3).....	\$122,436			
Rate paid when index is below 8%.....	0.28%			
Average forward U.S. dollar to Canadian dollar exchange rate.....	0.6671			

- (1) Excludes \$6.8 million of 10 5/8% notes due 2006 and \$22.5 million of 11 5/8% notes due 2006 for which fair values were not practicable to derive.
- (2) \$75 million notional amount of the interest rate swaps mature May 7, 1999; \$50 million notional amount of the interest rate swaps mature June 4, 1999; and, \$25 million notional amount of the interest rate swaps mature June 11, 1999.
- (3) The Canadian dollar denominated interest rate cap matures August, 1999.

**Foreign exchange rate sensitivity.** The following table provides information, in United States dollar equivalent amounts, about the Company's derivative financial instruments and other financial instruments that the Company is a party to as of December 31, 1998 and that are sensitive to changes in foreign exchange rates. The table provides information regarding the notional amounts of the Company's Canadian dollar denominated interest rate cap and foreign currency swap derivative contracts, including rates paid and received by the Company and forward currency exchange rates.

**Pioneer Natural Resources Company  
Foreign Exchange Rate Sensitivity  
Derivative And Other Financial Instruments As Of December 31, 1998**

	1999	2000	2001	-----
	-----	-----	-----	-----
	(in thousands exce			
Non-hedge Interest Rate Derivatives Related to Total Debt:				
Canadian dollar denominated derivatives:				
Notional amount of interest rate cap(1).....	\$122,436			
Rate paid when index is below 8%.....	0.28%			
Average forward U.S. dollar to Canadian dollar exchange rate.....	0.6671			
Non-hedge Foreign Exchange Rate Derivatives:				
Notional amount of foreign currency swaps(2)....	\$ 72,000	\$72,000		
Fixed Canadian to U.S. dollar rate paid.....	1.3670	1.3606		
Average forward Canadian dollar to U.S. dollar exchange rate payable.....	1.4990	1.4963		



- (1) The Canadian dollar denominated interest rate cap matures August 1999.
- (2) The foreign exchange rate swaps mature in October and December 2000.

**Commodity price sensitivity.** The following table provides information, in United States dollar equivalent amounts, about the Company's derivative financial instruments that the Company is a party to as of December 31, 1998 and that are sensitive to changes in natural gas and crude oil commodity prices. The table segregates hedge derivative contracts from those that do not qualify as hedges. As shown in the table, the Company has entered into swap contracts whereby a fixed price is established for a notional amount of sales volumes. Additionally, the Company has entered into collar contracts that provide a floor price for the Company on a notional amount of sales volumes while allowing some additional price participation for the Company if the relevant index prices close above the floor price. The Company also has entered into collar contracts with short put options that differ from other collar contracts by virtue of the short put option price, below which the Company's realized price will exceed variable market prices by approximately \$.30 per MMBtu. The Company's agreement to swap the NYMEX gas price for 10 percent of the NYMEX oil price (the "BTU Swap") was acquired through the merger with Mesa. Under the terms of the BTU Swap, the Company receives 10 percent of the NYMEX oil price and pays the NYMEX gas price on 13,036 notional MMBtu daily volume. See Notes B, C and J of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for a description of the accounting procedures followed by the Company relative to hedge and non-hedge derivative financial instruments and for specific information regarding the terms of the Company's derivative financial instruments that are sensitive to changes in natural gas and crude oil commodity prices.

**Pioneer Natural Resources Company**  
**Commodity Price Sensitivity**  
**Derivative And Other Financial Instruments As Of December 31, 1998**

	1999	2000	2001	2
	-----	-----	-----	--
	(in thousan			
Natural Gas Hedge Derivatives(1):				
Average daily notional MMBtu volumes(2):				
Swap contracts(3).....	137,044	35,000		
Weighted average MMBtu fixed price.....	\$ 2.21	\$ 2.35		
Collar option contracts.....	33,400			
Weighted average short call MMBtu ceiling price.....	\$ 2.56			
Weighted average long put MMBtu floor price.....	\$ 1.91			
Collar option contracts with short puts(4)...	114,286	93,074		
Weighted average short call MMBtu ceiling price.....	\$ 2.64	\$ 2.75		
Weighted average long put MMBtu contingent floor price.....	\$ 2.12	\$ 2.14		
Weighted average short put MMBtu price below which floor becomes variable.....	\$ 1.82	\$ 1.84		
Natural Gas non-hedge Derivatives:				
Daily notional MMBtu volumes under agreement to swap NYMEX gas price for 10 percent of NYMEX WTI price.....	13,036	13,036	13,036	1
Average forward NYMEX gas prices.....	\$ 1.97	\$ 2.17	\$ 2.25	\$
Average forward NYMEX oil				



prices..... \$ 13.00 \$ 14.75 \$ 16.00 \$

- 
- (1) When necessary, to minimize basis risk the Company enters into basis swaps to connect the index price of the hedging instrument from a NYMEX index to an index which reflects the geographic area of production. The Company considers these basis swaps as part of the associated swap and option contracts and, accordingly, the effects of the basis swaps have been presented together with the associated contracts.
  - (2) See Note J of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for hedge volumes and weighted average prices by calendar quarter for 1999 and 2000.
  - (3) Certain counterparties to the 1999 and 2000 swap contracts have the contractual right to extend 35,000 MMBtu per day for one additional year at prices of \$2.40 and \$2.41 per MMBtu, respectively.
  - (4) 65,000 MMBtu per day of the 1999 collar option contracts with short puts are extendable at the option of the counterparties for a period of one year at average per MMBtu prices of \$2.79, \$2.18 and \$1.88 for the short call, long put and short put, respectively. 75,000 MMBtu per day of the 2000 collar option contracts with short puts are extendable at the option of the counterparties at average per MMBtu prices of \$2.90, \$2.20 and \$1.90 for the short call, long put and short put, respectively.

**Other price sensitivity.** The following table provides information about the Company's investment in common stock of Costilla Energy Inc. ("Costilla"). The Company acquired three million shares of Costilla in partial payment of the option fees associated with the irrevocable option sold to Costilla in December 1998, the terms of which allow Costilla to acquire certain assets of the Company. Costilla has the option of repurchasing its common shares from the Company, prior to May 31, 1999, for an aggregate purchase price of \$13 million. See Trends and Uncertainties — Asset Dispositions included in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" for a discussion with specific information regarding the irrevocable option agreement sold to Costilla.

**Pioneer Natural Resources Company**  
**Other Price Sensitivity**  
**Derivative And Other Financial Instruments As Of December 31, 1998**

	1999	2000	2001
	-----	-----	-----
			(in tho
Total Marketable Securities:			
Common shares of Costilla Energy Inc.....	3,000		
Market value per share of Costilla Energy Inc. common stock on December 31, 1998.....	\$ 4.00		
Option Sold:			
Option to purchase 3 million shares of Costilla Energy Inc. common stock from the Company for \$13 million:			
Total option shares.....	3,000		
Option price per share.....	\$ 4.25		
Market value per share of Costilla Energy Inc. common stock on December 31, 1998.....	\$ 4.00		

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(1) Determination of fair value not practicable.

## Qualitative Disclosures

**Non-derivative financial instruments.** The Company is a borrower under fixed rate and variable rate debt instruments that give rise to interest rate and foreign exchange rate risk. The Company's objective in borrowing under fixed or variable rate debt is to satisfy capital requirements while minimizing the Company's costs of capital. To realize its objectives, the Company borrows under fixed and variable rate debt instruments, based on the availability of capital, market conditions and hedge opportunities. See Note E of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for a discussion relative to the Company's debt instruments.

The Company received three million shares of Costilla common stock in partial payment of the fees associated with an irrevocable option sold to Costilla to purchase certain oil and gas properties of the Company prior to April 1, 1999. The Company purchased the Costilla common shares as an accommodation of the larger transaction with Costilla involving the contemplated sale of certain of the Company's oil and gas properties. The Company did not purchase the Costilla shares for trading purposes, although the Company has the option of selling the shares to a third party if Costilla does not repurchase them. Costilla has the contractual right to repurchase the shares prior to May 31, 1999, for an aggregate purchase price of \$13 million, or \$4.25 per share. The Company does not normally, nor does it contemplate, investing in marketable securities for trading purposes.

**Derivative financial instruments.** The Company has entered into interest rate, foreign exchange rate and commodity price derivative contracts to hedge interest rate, foreign exchange rate and commodity price risks. Although the Company has succeeded Mesa and Chauvco as a party to interest rate, foreign exchange rate and commodity price derivative contracts that do not qualify as hedges, the Company's policy is not to enter into derivative contracts for trading purposes.

### *Crude oil hedge derivatives*

All material purchase contracts governing the Company's oil production are tied directly or indirectly to NYMEX prices. As a result, from time to time the Company hedges its oil production using contracts tied to the NYMEX prices. The average oil prices per Bbl that the Company reports include the effects of oil quality, gathering and transportation costs and the net effect of the oil hedges. As of December 31, 1998, the Company was not a party to any crude oil hedge derivatives.

### *Natural gas liquids hedge derivatives*

The Company from time to time hedges natural gas liquids based on actual production prices in order to mitigate some of the volatility associated with NYMEX pricing. As of December 31, 1998, the Company was not a party to natural gas liquids derivatives.

### *Natural gas hedge derivatives*

The Company employs a policy of hedging a portion of its gas production based on the index price upon which the gas is actually sold in order to mitigate the basis risk between NYMEX prices and actual index prices. As of December 31, 1998, the Company has hedged a portion of its gas price risk with swap contracts that establish a fixed floor price for a notional amount of sales volume; collar contracts that provide a fixed floor price but allow the Company to participation, within a contractual range, in index



prices if they close above the contractual floor price; and, collar contracts with short put options, the terms of which are similar to collar contracts except that the Company's floor price on a notional sales volume becomes variable, at an above market differential, if market prices fall below the short put index price. The average gas prices per Mcf that the Company reports includes the effects of Btu content, gathering and transportation costs, gas processing and shrinkage and the net effect of the gas hedges.

### *Non-hedge derivatives*

As of December 31, 1998, the Company, through its merger with Mesa and acquisition of Chauvco, is a party to the Canadian denominated interest rate cap agreement, foreign exchange rate swaps and the BTU Swap that are described more fully in Quantitative Disclosures, above, and Note J of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data". These financial instruments do not qualify as hedges of interest rate, foreign exchange rate or commodity price risk.

The Company has a policy and strategy, as of December 31, 1998, to only enter into interest rate, foreign exchange rate or commodity price derivative instruments that qualify as hedges of its existing interest rate, foreign exchange rate or commodity price risks. The Company's derivative instruments that were initiated by Mesa and Chauvco will be allowed to mature by their terms unless the Company encounters an opportunity, under terms more favorable than are presently available, to terminate the contracts prior to their contractual maturities. See Notes B, C and J of Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for further discussions relative to the Company's objectives and general strategies associated with its hedge instruments.

As of December 31, 1998, the Company's primary risk exposures associated with financial instruments to which it is a party include natural gas and crude oil price volatility, interest rate volatility and Canadian dollar to United States dollar foreign exchange rate volatility. The Company's primary risk exposures associated with financial instruments have not changed significantly since December 31, 1997.

## **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

### **Index to Consolidated Financial Statements**

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### **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders



Pioneer Natural Resources Company:

We have audited the accompanying consolidated balance sheet of Pioneer Natural Resources Company and subsidiaries as of December 31, 1998, and the related consolidated statements of operations and comprehensive income (loss), stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Pioneer Natural Resources Company and subsidiaries at December 31, 1998, and the consolidated results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Ernst & Young LLP

Dallas, Texas

February 2, 1999, except for Note E  
as to which the date is March 19, 1999

### **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Stockholders  
Pioneer Natural Resources Company:

We have audited the consolidated balance sheet of Pioneer Natural Resources Company and subsidiaries as of December 31, 1997, and the related consolidated statements of income and comprehensive income, shareholders' equity, and cash flows for the years ended December 31, 1997 and 1996. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Pioneer Natural Resources Company and subsidiaries as of December 31, 1997, and the results of their operations and their cash flows for each of the years in the two-year period ended December 31, 1997, in conformity with generally accepted accounting principles.

KPMG LLP

Midland, Texas  
February 13, 1998**PIONEER NATURAL RESOURCES COMPANY****CONSOLIDATED BALANCE SHEETS**  
(in thousands, except share data)**ASSETS**

	December 31,	
	1998	1997
Current assets:		
Cash and cash equivalents.....	\$ 59,221	\$ 71,7
Accounts receivable:		
Trade, net.....	33,384	75,4
Affiliates.....	3,657	
Oil and gas sales.....	73,479	116,5
Inventories.....	15,221	13,5
Deferred income taxes.....	7,100	16,9
Other current assets.....	9,926	14,0
Total current assets.....	201,988	308,1
Property, plant and equipment, at cost:		
Oil and gas properties, using the successful efforts		
methods of accounting:		
Proved properties.....	3,621,630	3,575,9
Unproved properties.....	342,589	545,0
Accumulated depletion, depreciation and amortization.....	(930,111)	(605,2)
Total property, plant and equipment.....	3,034,108	3,515,8
Deferred income taxes.....	96,800	206,4
Other property and equipment, net.....	55,010	44,0
Other assets, net.....	93,408	78,5
Total assets.....	\$ 3,481,314	\$4,152,9

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current liabilities:		
Current maturities of long-term debt.....	\$ 306,521	\$ 5,7
Accounts payable:		
Trade.....	94,937	176,6
Affiliates.....	4,492	9,9
Accrued interest payable.....	33,194	13,6
Other current liabilities.....	87,688	55,3
Total current liabilities.....	526,832	261,5
Long-term debt, less current maturities.....	1,868,744	1,943,7
Other noncurrent liabilities.....	232,461	180,2



Deferred income taxes.....	64,200	218,6
Stockholders' equity:		
Preferred stock, \$.01 par value; 100,000,000 shares authorized; one share issued and outstanding.....	--	
Common stock, \$.01 par value; 500,000,000 shares authorized; 100,833,615 and 101,037,562 shares issued at December 31, 1998 and 1997, respectively.....	1,008	1,0
Additional paid-in capital.....	2,347,996	2,359,9
Treasury stock, at cost; 537,392 and 591 shares at December 31, 1998 and 1997, respectively.....	(10,388)	(
Unearned compensation.....	--	(16,1
Retained deficit.....	(1,552,442)	(795,9
Accumulated other comprehensive income (loss):		
Cumulative translation adjustment.....	2,903	
	-----	-----
Total stockholders' equity.....	789,077	1,548,8
Commitments and contingencies		
	-----	-----
	<u>\$ 3,481,314</u>	<u>\$4,152,9</u>
	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

## PIONEER NATURAL RESOURCES COMPANY

### CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) (in thousands, except per share data)

	Year ended Decem	
	1998	1997
	-----	-----
Revenues:		
Oil and gas.....	\$ 711,492	\$ 536,7
Natural gas processing.....	--	
Interest and other.....	10,452	4,2
Gain (loss) on disposition of assets, net.....	(445)	4,9
	-----	-----
	721,499	546,0
	-----	-----
Costs and expenses:		
Oil and gas production.....	223,551	144,1
Natural gas processing.....	--	
Depletion, depreciation and amortization.....	337,308	212,4
Impairment of oil and gas properties.....	459,519	1,356,3
Exploration and abandonments.....	121,858	77,1
General and administrative.....	73,000	48,7
Reorganization.....	33,199	
Interest.....	164,285	77,5
Other.....	39,605	7,1
	-----	-----
	1,452,325	1,923,5
	-----	-----
Income (loss) before income taxes and extraordinary item....	(730,826)	(1,377,5
Income tax benefit (provision).....	(15,600)	500,3
	-----	-----
Income (loss) before extraordinary item.....	(746,426)	(877,2
Extraordinary item -- loss on early extinguishment of debt, net of tax.....	--	(13,4
	-----	-----

Net income (loss).....	(746,426)	(890,6
Other comprehensive income (loss):		
Currency translation adjustment.....	2,903	
Comprehensive income (loss).....	<u>\$ (743,523)</u>	<u>\$ (890,6</u>
Income (loss) per share:		
Basic:		
Income (loss) before extraordinary item.....	\$ (7.46)	\$ (16.
Extraordinary item.....	--	(.
Net income (loss).....	<u>\$ (7.46)</u>	<u>\$ (17.</u>
Diluted:		
Income (loss) before extraordinary item.....	\$ (7.46)	\$ (16.
Extraordinary item.....	--	(.
Net income (loss).....	<u>\$ (7.46)</u>	<u>\$ (17.</u>
Dividends declared per share.....	<u>\$ .10</u>	<u>\$ .</u>
Weighted average shares outstanding.....	<u>100,055</u>	<u>51,9</u>

The accompanying notes are an integral part of these consolidated financial statements.

## PIONEER NATURAL RESOURCES COMPANY

### CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (in thousands)

	Common Stock	Additional Paid-in Capital	Treasury Stock	Un- Co s
Balance at January 1, 1996.....	\$ 364	\$ 452,718	\$ (6,844)	\$
Exercise of long-term incentive plan stock options.....	5	6,899	--	
Restricted shares awarded.....	--	1,091	--	
Restricted shares forfeited.....	--	(35)	(13)	
Tax benefits related to stock and option awards.....	--	2,200	--	
Purchase of treasury stock.....	--	--	(24,671)	
Amortization of unearned compensation.....	--	--	--	
Net income.....	--	--	--	
Dividends (\$.10 per share).....	--	--	--	
Other comprehensive income (loss):				
Currency translation adjustment.....	--	--	--	
Balance at December 31, 1996.....	<u>369</u>	<u>462,873</u>	<u>(31,528)</u>	<u>--</u>
Common stock issued:				
Acquisition of MESA, Inc.....	318	982,248	--	
Acquisition of Chauvco Resources, Ltd.....	249	688,081	--	
Acquisition of properties.....	16	44,857	--	
Exercise of long-term incentive plan stock options.....	5	11,591	--	
Cancellation of treasury shares.....	(19)	(34,441)	34,460	
Exchange of preferred shares for common shares.....	67	182,909	--	
Restricted shares awarded.....	5	18,974	--	(
Tax benefits related to stock and option				



awards.....	--	2,900	--	--
Purchase of treasury stock.....	--	--	(2,953)	--
Amortization of unearned compensation.....	--	--	--	--
Net loss.....	--	--	--	--
Dividends (\$.10 per share).....	--	--	--	--
Balance at December 31, 1997.....	1,010	2,359,992	(21)	(
Common stock issued in settlement of litigation.....	--	342	--	--
Reduction in common stock issued for acquisition of Chauvco Resources Ltd.....	(4)	(11,094)	--	--
Exercise of long-term incentive plan stock options.....	--	3	--	--
Restricted shares awarded.....	2	3,053	--	--
Tax provision related to stock and option awards.....	--	(4,300)	--	--
Purchase of treasury stock.....	--	--	(10,367)	--
Amortization of unearned compensation.....	--	--	--	--
Net loss.....	--	--	--	--
Dividends (\$.10 per share).....	--	--	--	--
Other comprehensive income (loss):				
Currency translation adjustment.....	--	--	--	--
Balance at December 31, 1998.....	\$1,008	\$2,347,996	\$ (10,388)	\$

The accompanying notes are an integral part of these consolidated financial statements.

**PIONEER NATURAL RESOURCES COMPANY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(in thousands)**

	Year ended Decemb	
	1998	1997
Cash flows from operating activities:		
Net income (loss).....	\$ (746,426)	\$ (890,671)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depletion, depreciation and amortization.....	337,308	212,435
Impairment of oil and gas properties.....	459,519	1,356,390
Exploration expenses, including dry holes.....	92,311	63,288
Deferred income taxes.....	18,600	(501,300)
Gain (loss) on disposition of assets, net.....	445	(4,969)
Loss on early extinguishment of debt, net of tax.....	--	13,408
Other noncash items.....	66,300	18,886
Change in operating assets and liabilities, net of effects from acquisitions and dispositions:		
Accounts receivable.....	85,413	(39,774)
Inventories.....	2,714	(5,941)
Other current assets.....	30	(1,913)
Accounts payable.....	(29,800)	27,138
Other current liabilities.....	27,662	(18,768)
Net cash provided by operating activities.....	314,076	228,209
Cash flows from investing activities:		
Payment for acquisitions, net of cash acquired.....	--	(15,490)
Proceeds from disposition of wholly-owned subsidiaries,		

net of cash disposed.....	--	--
Proceeds from disposition of assets.....	21,876	115,735
Additions to oil and gas properties.....	(507,337)	(428,640)
Other property additions, net.....	(31,546)	(12,783)
Net cash provided by (used in) investing activities.....	(517,007)	(341,178)
Cash flows from financing activities:		
Borrowings under long-term debt.....	947,180	821,148
Principal payments on long-term debt.....	(711,524)	(648,208)
Payments of other noncurrent liabilities.....	(17,091)	(7,740)
Deferred loan fees/issuance costs.....	(7,189)	(2,396)
Dividends.....	(10,076)	(5,476)
Purchase of treasury stock.....	(10,367)	(2,953)
Exercise of long-term incentive plan stock options.....	--	11,596
Net cash provided by (used in) financing activities.....	190,933	165,971
Net increase (decrease) in cash and cash equivalents.....	(11,998)	53,002
Effect of exchange rate changes on cash and cash equivalents.....	(494)	--
Cash and cash equivalents, beginning of year.....	71,713	18,711
Cash and cash equivalents, end of year.....	\$ 59,221	\$ 71,713

The accompanying notes are an integral part of these consolidated financial statements.

## PIONEER NATURAL RESOURCES COMPANY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1998, 1997 and 1996

#### NOTE A. Organization and Nature of Operations

Pioneer Natural Resources Company (the "Company") is a Delaware Corporation whose common stock is listed and traded on the New York Stock Exchange and the Toronto Stock Exchange. The Company was formed by the merger of Parker & Parsley Petroleum Company ("Parker & Parsley") and MESA Inc. ("Mesa") on August 7, 1997. The Company was significantly expanded by the subsequent acquisition of the Canadian and Argentine oil and gas business of Chauvco Resources Ltd. ("Chauvco"), a publicly traded independent oil and gas company based in Calgary, Canada, on December 18, 1997. The Company is an oil and gas exploration and production company with ownership interests in oil and gas properties located principally in the Mid Continent, Southwestern and onshore and offshore Gulf Coast regions of the United States and in Argentina, Canada and South Africa.

In accordance with the provisions of Accounting Principles Board Opinion No. 16, "Business Combinations" ("APB 16"), both the merger with Mesa and the acquisition of Chauvco have been accounted for as purchases by the Company (formerly Parker & Parsley). As a result, the historical financial statements for the Company are those of Parker & Parsley prior to August 1997; for the period from August 1997 through December 31, 1997, the historical financial statements for the Company reflect the above described merger of Parker & Parsley and Mesa; and, as of December 31, 1997, the financial statements for the Company include the addition of the acquired assets and liabilities of Chauvco.



**NOTE B. Summary of Significant Accounting Policies**

**Principles of consolidation.** The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries since their acquisition or formation and the Company's interest in the affiliated oil and gas partnerships for which it serves as general partner through certain of its wholly-owned subsidiaries. Investments in less than majority-owned subsidiaries where the Company has the ability to exercise significant influence over the investee's operations are accounted for by the equity method; otherwise, they are accounted for at cost. The Company proportionately consolidates less than 100 percent-owned oil and gas partnerships in accordance with industry practice. The Company owns less than a 20 percent interest in the oil and gas partnerships that it proportionately consolidates. All material intercompany balances and transactions have been eliminated.

Use of estimates in the preparation of financial statements. Preparation of the accompanying consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash equivalents.** For purposes of the Consolidated Statements of Cash Flows, cash and cash equivalents include cash on hand and depository accounts held by banks.

**Inventories.** Inventories consist of lease and well equipment which are carried at the lower of cost or market, on a first-in first-out basis.

**Oil and gas properties.** The Company utilizes the successful efforts method of accounting for its oil and gas properties as promulgated by Statement of Financial Accounting Standards No. 19, "Financial Accounting and Reporting by Oil and Gas Producing Companies" ("SFAS 19"). Under this method, all costs associated with productive wells and nonproductive development wells are capitalized while nonproductive exploration costs are expensed. The Company capitalizes interest on expenditures for significant development projects until such time as operations commence.

Capitalized costs relating to proved properties are depleted using the unit-of-production method based on proved reserves as estimated by the Company's engineers. Costs of significant nonproducing properties, wells in the process of being drilled and development projects are excluded from depletion until such time as the related project is developed and proved reserves are established or impairment is determined.

Capitalized costs of individual properties sold or abandoned are charged to accumulated depletion, depreciation and amortization. Proceeds from sales of individual properties are credited to property costs. No gain or loss is recognized until the entire amortization base is sold.

If significant, the Company accrues the estimated future costs to plug and abandon wells under the unit-of-production method. The charge, if any, is reflected in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss) as abandonment expense while the liability is reflected in the accompanying Consolidated Balance Sheets as other liabilities. Plugging and abandonment liabilities assumed in a business combination accounted for as a purchase are recorded at fair value. At December 31, 1998, and 1997, the Company has plugging and abandonment liabilities of \$44.5 million and \$35.9 million, respectively.

Unproved oil and gas properties that are individually significant are periodically assessed for impairment by comparing their cost to their estimated value on a project-by-project basis. The estimated value is



affected by the results of exploration activities, commodity price outlooks, planned future sales or expiration of all or a portion of such projects. If the quantity of potential reserves determined by such evaluations are not sufficient to fully recover the cost invested in each project, the Company will recognize a loss at the time of impairment by providing an impairment allowance. The remaining unproved oil and gas properties are aggregated and an overall impairment allowance is provided based on the Company's historical experience.

**Impairment of long-lived assets.** In accordance with Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" ("SFAS 121"), the Company reviews its long-lived assets to be held and used, including oil and gas properties accounted for under the successful efforts method of accounting, whenever events or circumstances indicate that the carrying value of those assets may not be recoverable. An impairment loss is indicated if the sum of the expected future cash flows is less than the carrying amount of the assets. In this circumstance, the Company recognizes an impairment loss for the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset.

**Natural gas processing facilities.** Through December 31, 1996, the Company depreciated its gas processing, gathering and transmission facilities and equipment on a straight-line basis over the estimated useful lives of the assets, which ranged from 14 to 21 years. Capitalized costs relating to gas contracts, representing the right to extract liquids and gas, were amortized on a plant-by-plant basis using the unit-of-production method over the lives of gas reserves expected to be processed through the facility, as estimated by the Company's engineers. Upon disposition of a natural gas processing facility, the cost and related accumulated depreciation and amortization was eliminated from the accounts and any gain or loss was included in results of operations.

In 1997, the Company began accounting for its natural gas processing facilities activities as part of its oil and gas properties for financial reporting purposes. During 1998 and 1997, all revenues and expenses derived from third party gas volumes processed through the Company's natural gas processing facilities are reported as components of oil and gas production costs, and the capitalized costs of natural gas processing facilities are included in proved oil and gas properties and depleted using the unit-of-production method.

**Treasury stock.** Treasury stock purchases are recorded at cost. Upon reissuance, the cost of treasury shares held is reduced by the average purchase price per share of the aggregate treasury shares held.

**Income taxes.** The Company accounts for income taxes in accordance with the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). Under the asset and liability method of SFAS 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in income in the period that includes the enactment date. Additionally, in accordance with SFAS 109, the Company assesses the likelihood of whether some portion or all of its recognized deferred tax assets will not be realized in future operating periods. If such assessments determine that it is more likely than not that some portion of deferred tax assets will not ultimately be realized, the Company establishes a deferred tax asset valuation allowance to reduce the carrying value of its deferred tax assets. Such allowances are recognized in the Company's Consolidated Balance Sheets as reductions to deferred tax assets and, during the operating periods in which the allowances are established, in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss) as components of income tax



benefit (provision).

The Company and its eligible subsidiaries file a consolidated U.S. federal income tax return. Certain subsidiaries that are consolidated for financial reporting purposes are not eligible to be included in the consolidated U.S. federal income tax return and separate provisions for income taxes have been determined for these entities or groups of entities.

***Income (loss) per share.*** In accordance with the provisions of Statement of Financial Accounting Standards No. 128, "Earnings per Share" ("SFAS 128"), basic net income (loss) per share is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period. The computation of diluted net income (loss) per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity. For 1998 and 1997, the computation of diluted net loss per share was antidilutive; therefore, the amounts reported for basic and diluted net loss per share were the same. The computation of diluted net income per share for the year ended December 31, 1996 assumes conversion of the Company's 6 1/4% Cumulative Guaranteed Monthly Income Convertible Preferred Shares ("Preferred Shares") which increased the weighted average number of shares outstanding to 42.6 million.

***Comprehensive income (loss).*** In June 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS 130). SFAS 130 established standards for the reporting and display of comprehensive income or loss and its components in a full set of financial statements. Comprehensive income or loss is determined as net income or loss plus "other comprehensive income or loss" items that under generally accepted accounting principles are excluded from net income or loss. The Company's only item of other comprehensive income or loss are translation adjustments arising from the translation of the financial statements of non-United States subsidiary entities, whose functional currency is not United States dollars, to United States dollars. Accordingly, the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss) report and display comprehensive income or loss for each period presented.

***Environmental.*** The Company is subject to extensive federal, state, local and foreign environmental laws and regulations. These laws, which are constantly changing, regulate the discharge of materials into the environment and may require the Company to remove or mitigate the environmental effects of the disposal or release of petroleum or chemical substances at various sites. Environmental expenditures are expensed or capitalized depending on their future economic benefit. Expenditures that relate to an existing condition caused by past operations and that have no future economic benefits are expensed. Liabilities for expenditures of a noncapital nature are recorded when environmental assessment and/or remediation is probable and the costs can be reasonably estimated. Such liabilities are generally undiscounted unless the timing of cash payments for the liability are fixed or reliably determinable. The Company believes that the costs for compliance with current environmental laws and regulations have not had and will not have a material effect on the Company's financial position or results of operations.

***Revenue recognition.*** The Company uses the entitlements method of accounting for crude oil and natural gas revenues. Sales proceeds in excess of the Company's entitlement are included in other liabilities and the Company's share of sales taken by others is included in other assets in the accompanying Consolidated Balance Sheets. As of December 31, 1998 and 1997, such entitlement assets totaled \$38.2 million and \$49.2 million, respectively. Entitlement liabilities totaled \$20.6 million and \$20.2 million at December 31, 1998 and 1997, respectively.



**Stock-based compensation.** The Company accounts for employee stock-based compensation using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). Accordingly, the Company has only adopted the disclosure provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). See Note G for the pro forma disclosures of compensation expense determined under the fair-value provisions of SFAS 123.

**Hedging.** The financial instruments that the Company accounts for as hedging contracts must meet the following criteria: the hedging contract must be an asset, liability or forecasted transaction that exposes the Company to price, interest rate or foreign exchange rate risk that is not offset in another asset or liability, the hedging contract must reduce that price, interest rate or foreign exchange rate risk, and the instrument must be designated as a hedge at the inception of the contract and throughout the hedge period. In order to qualify as a hedge, there must be clear correlation between changes in the fair value of the financial instrument and the fair value of the hedged asset, liability or forecasted transaction, such that changes in the market value of the financial instrument will be offset by the effect of price, interest rate or foreign exchange rate changes on the exposed items.

Gains or losses realized from financial instruments that qualify as hedges are deferred as assets or liabilities in the accompanying Consolidated Balance Sheets until the underlying hedged asset, liability or transaction monetizes, matures or is otherwise recognized under generally accepted accounting principles. Hedge gains or losses that are recognized in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss) are classified as components of the commodity prices, interest or foreign exchange rates that the financial instruments hedge. Derivative financial instruments that do not qualify as hedges are marked-to-market and recorded as assets or liabilities in the accompanying Consolidated Balance Sheets. Changes in the fair values of such instruments are recognized as other income or other expense in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss) during the periods in which their fair values change. See Note J for a description of the specific types of derivative transactions in which the Company participates.

**Foreign currency translation.** The financial statements of non-United States entities, whose functional currency is not United States dollars, are translated to United States dollars as follows: all assets and liabilities at year-end exchange rates; revenues, costs and expenses at average exchange rates. Gains and losses from translating non-United States balances are recorded directly in stockholders' equity. Foreign currency transaction gains and losses are included in net income (loss).

A summary of the exchange rates used in the preparation of these consolidated financial statements appear below:

	December 31,		
	1998	1997	1996
Canadian Dollar conversion to U.S. Dollar -- Balance sheet.....	.6534..	.6997	N/A
Canadian Dollar conversion to U.S. Dollar -- Statement of operations.....	.6740	N/A	N/A
Australian Dollar conversion to U.S. Dollar -- Statement of operations.....	N/A	N/A..	.7562

**Reclassifications.** Certain reclassifications have been made to the 1997 and 1996 amounts to conform to the 1998 presentations.



**NOTE C. Disclosures About Fair Value of Financial Instruments**

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments at December 31, 1998 and 1997:

	1998	
	Carrying Amount	Fair Value
	(in thou)	
Financial assets:		
Cash and cash equivalents.....	\$ 59,221	\$ 59,221
Investments in a non-affiliated entity.....	12,000	12,000
Financial liabilities:		
Long-term debt:		
Practicable to estimate fair value:		
Lines of credit and term note.....	1,239,032	1,239,032
8 7/8% senior notes due 2005.....	150,000	144,108
8 1/4% senior notes due 2007.....	149,414	137,826
6 1/2% senior notes due 2008.....	348,418	284,442
7 1/5% senior notes due 2028.....	249,908	177,325
Not practicable to estimate fair value:		
Other long term debt.....	38,493	--
Derivative financial instruments, including off balance sheet instruments (see Note J):		
Interest rate agreements.....	(80)	966
Foreign currency agreements.....	(15,350)	(15,350)
Commodity price hedges.....	(41)	26,548
BTU swap agreement.....	(15,172)	(15,172)

**Cash and cash equivalents, accounts receivable, other current assets, accounts payable and other current liabilities.** The carrying amounts approximate fair value due to the short maturity of these instruments.

**Investment in a non-affiliated entity.** At December 31, 1998, the Company had an equity investment in a closely-held non-affiliated entity. The fair value of this investment was estimated using quoted market prices.

**Long-term debt.** The carrying amount of borrowings outstanding under the Company's line of credit (see Note E for definitions and descriptions of each) approximates fair value because these instruments bear interest at rates tied to current market rates. The fair values of each of the senior note issuances were based on quoted market prices for each of these issues.

It was not practicable to estimate the fair value of certain of the long-term debt obligations because quoted market prices are not available and the Company does not have a current borrowing rate which could be used as a comparable rate for the stated maturities of the obligations.

**Interest rate swap agreements.** At December 31, 1998 and 1997, the Company had outstanding five interest rate swap agreements with an aggregate notional amount of \$150 million and one interest rate cap agreement denominated in Canadian dollars with a notional amount of \$80 million Canadian dollars. In addition to the agreements above, at December 31, 1997, the Company had outstanding one interest rate swap agreement with a notional amount of \$250 million and one cross-currency interest swap with a notional amount of \$60 million. These are more fully described in Note J. The fair values of each of the



open interest rate swap agreements were obtained from quotes by the respective counterparties and represent the estimated net amount the Company would receive or pay upon termination of the agreements as of December 31 of each of the respective years, taking into consideration interest rates at that time.

**Foreign currency agreements.** At December 31, 1998 and 1997, the Company had two foreign exchange swap agreements with an aggregate remaining notional amount of \$144 million and \$216 million as of December 31, 1998 and 1997, respectively. These are more fully described in Note J. The fair values of these agreements were obtained from quotes from the counterparty and represent the amounts that the Company would have paid upon termination of the agreements at December 31, of the respective years, based upon the spot and forward foreign currency exchange rates existing in the market at those times.

**Commodity price hedges.** The fair values of commodity price hedges outstanding at December 31, 1998 and 1997 were obtained from quotes provided by the individual counterparties for each agreement and represent the amount the Company would be able to receive or required to pay to liquidate the hedges as of December 31 of each of the respective years.

**BTU swap agreements.** The fair value of the Btu swap agreements outstanding at December 31, 1998 and 1997 were obtained from quotes provided by the counterparty to these agreements and represent the amount the Company would have been required to pay to liquidate the agreements as of December 31, for each of the respective years, based upon the market price for oil and gas as specified in the agreements.

#### NOTE D. Acquisitions

During August 1997, Parker & Parsley completed a merger with Mesa that resulted in the creation of the Company. The transaction was accounted for as a purchase of Mesa by Parker & Parsley in accordance with APB 16. In December 1997, the Company acquired the Canadian and Argentine oil and gas business of Chauvco, which was also accounted for as a purchase by the Company. These transactions were accomplished through the issuance of common stock of the Company to Mesa and Chauvco shareholders (31,782,263 shares and 24,515,179 shares, respectively). The aggregate purchase consideration for assets acquired and liabilities assumed from Mesa and Chauvco was \$991.0 million and \$721.4 million, respectively. The following table represents the allocation of the total purchase price of Mesa and Chauvco to the acquired assets and liabilities based upon the fair values assigned to each of the significant assets acquired and liabilities assumed.

	Allocation of Aggregate Purchase Consideration	
	Mesa	Chauvco
	(in thousands)	
Net working capital.....	\$ 4,438	\$ (20,1
Property, plant and equipment.....	2,530,114	1,125,2
Other assets.....	40,821	65,9
Long-term debt.....	(1,191,038)	(234,7
Other non-current liabilities, including deferred taxes.....	(393,365)	(214,9
	<u>\$ 990,970</u>	<u>\$ 721,3</u>
Common Stock consideration.....	\$ 982,566	\$ 677,2



Transaction costs.....	8,404	7,8
Notes payable.....	--	36,2
	-----	-----
Aggregate purchase consideration.....	\$ 990,970	\$ 721,3
	=====	=====

The liabilities assumed include amounts recorded for litigation and certain other pre-acquisition contingencies of Mesa and Chauvco.

In December 1997, the Company completed an acquisition of assets in the East Texas Basin from American Cometra, Inc. ("ACI") and Rockland Pipeline Co. ("Rockland"), both subsidiaries of Electrafina S.A. of Belgium ("America Cometra Acquisition"). The total consideration paid was approximately \$130 million, consisting of \$85 million in cash and 1.6 million shares of the Company's common stock. The Company acquired ACI's producing wells, acreage, seismic data, royalties and mineral interests, and Rockland's gathering system pipeline and gas processing plant in the East Texas Basin.

**Pro forma results of operations.** The following table reflects the pro forma results of operations as though the merger with Mesa, the acquisition of Chauvco, the 1996 sale of certain wholly-owned subsidiaries and the 1996 sale of certain non-strategic domestic assets occurred on January 1, 1996. The pro forma results of operations of the America Cometra Acquisition are not presented as they are not material to the consolidated financial statements of the Company.

	Year ended December 31	
	1997	1996
	-----	-----
	(in thousands, except per share data)	
	(Unaudited)	
Revenues.....	\$ 909,564	\$959,20
Income (loss) before extraordinary item.....	\$ (931,784)	\$ 48,71
Income (loss) per share before extraordinary item.....	\$ (9.42)	\$ .4

#### NOTE E. Long-term Debt

Long-term debt consists of the following:

	December 31,	
	1998	1997
	-----	-----
	(in thousands)	
Lines of credit and term note.....	\$1,249,984	\$1,608,98
8 7/8% senior notes due 2005.....	150,000	150,00
8 1/4% senior notes due 2007 (net of discount).....	149,414	149,34
6 1/2% senior notes due 2008 (net of discount).....	348,418	-
7 1/5% senior notes due 2028 (net of discount).....	249,908	-
Other.....	27,541	41,18
	-----	-----
	2,175,265	1,949,50
Less current maturities.....	306,521	5,79
	-----	-----
	\$1,868,744	\$1,943,71
	=====	=====



Maturities of long-term debt at December 31, 1998 are as follows (in thousands):

1999.....	\$306,521
2000.....	\$ --
2001.....	\$ --
2002.....	\$934,349
2003.....	\$ 1,447
Thereafter.....	\$932,948

**Lines of credit and term note.** On August 7, 1997, the successor to Parker & Parsley and Mesa Operating Company, Pioneer Natural Resources USA, Inc. ("Pioneer USA") (the "Borrower"), entered into two credit facility agreements ("Credit Facility Agreements") with a syndicate of banks (the "Banks") that refinanced the credit facilities of Parker & Parsley and Mesa. On December 18, 1997, the Company amended and restated the Credit Facility Agreements to substitute the Company as the Borrower in place of Pioneer USA. One Credit Facility Agreement (the "Primary Facility") provides for a \$1.075 billion credit facility. On December 31, 1998, the Company had \$993.6 million of outstanding borrowings under the Primary Facility. The maturity date for the Primary Facility is August 7, 2002. The second Credit Facility Agreement (the "364-day Facility") provided for a \$300 million credit facility with a current maturity date of August 5, 1999. On June 29, 1998, the Company and the Banks executed an amendment that reduced the commitment under the 364-day Facility to \$85 million. At December 31, 1998, the Company did not have any borrowings outstanding on the 364-day Facility. Also, on December 18, 1997, the Company refinanced all of Chauvco's outstanding debt by establishing a \$290 million Canadian credit facility ("Canadian Facility"). During the fourth quarter of 1998, the outstanding borrowings under the Canadian Facility converted to a \$276.0 million term loan that matures on December 19, 2003, under which the borrower is Pioneer Natural Resources Canada Inc., and the Company and certain of its subsidiaries (not including Pioneer USA) provide guarantees. On December 31, 1998, the Company had \$276.0 million of outstanding term loan borrowings under the Canadian Facility.

Advances on both Credit Facility Agreements bear interest, at the Borrower's option, based on (a) the prime rate of NationsBank of Texas, N.A. ("Prime Rate") (7.75 percent at December 31, 1998), (b) a Eurodollar rate (substantially equal to the London Interbank Offered Rate ("LIBOR")), adjusted for the reserve requirement as determined by the Board of Governors of the Federal Reserve System with respect to transactions in Eurocurrency liabilities ("LIBOR Rate"), or (c) a competitive bid rate as quoted by the lending banks electing to participate pursuant to a request by the Borrower. Advances that are LIBOR Rate have periodic maturities, at the Borrower's option, of one, two, three, six, nine or twelve months. Advances that are competitive bid rate have periodic maturities, at the Borrower's option, of not less than 15 days nor more than 360 days. The interest rates on the LIBOR Rate advances vary, with the interest rate margin ranging from 18 basis points to 55 basis points, including commitment utilization fees. The interest rate margin is determined by a grid based upon the Company's senior unsecured long-term public debt rating. The Company's obligations are guaranteed by Pioneer USA and certain other United States subsidiaries, and are secured by a pledge of a portion of the capital stock of certain non-United States subsidiaries.

The Credit Facility Agreements contain various restrictive covenants and compliance requirements, which include (a) limits on the incurrence of additional indebtedness and certain types of liens and (b) restrictions as to merger, sale or transfer of assets and transactions without the Banks' consent.

On March 19, 1999, the Company and the Banks executed amendments to the Credit Facilities that provide for a \$495 million reduction in the combined loan commitments under the Credit Facilities by December 31, 1999; an increase in the maximum interest rate margin on LIBOR Rate advances to 350 basis points, including facility and leverage fees; provisions, under certain circumstances, for enhancing



the Banks' collateral rights; and, amendment of certain associated debt covenants, the most restrictive of which being the maintenance of a ratio of outstanding Company senior debt to earnings before interest, depletion, depreciation, amortization, income taxes, exploration and abandonment and other non-cash expenses ("EBITDAX") not to exceed 5.75 to one through September 30, 1999, 4.25 to one through March 31, 2000, and 3.5 to one thereafter. Additionally, the amendment provisions provide for the consolidation of the Primary Facility and the Canadian Facility. To satisfy the commitment reduction provisions of the amended Credit Facilities, the Company intends to reduce its outstanding borrowings through the use of funds generated by the individual or combined sources of operating activities, oil and gas property divestitures, borrowings under subordinated debt agreements or additional issuances of equity.

The Company also executed a \$100 million note (the "Term Note"), dated as of December 22, 1997, payable to NationsBank of Texas, N.A. to fund short-term working capital needs. At the request of the Company, the Term Note was canceled on January 20, 1998.

**Senior notes.** During 1998, the Company completed the issuance of \$350 million of 6 1/2% senior notes due 2008 and \$250 million of 7 1/5% senior notes due 2028 for combined net proceeds of \$593 million. The proceeds were used primarily to repay the Company's bank indebtedness.

At December 31, 1998, the Company has the following four issuances of senior indebtedness outstanding.

**8 7/8% senior notes due 2005.** \$150 million aggregate principal amount 8 7/8% senior notes dated April 12, 1995, due April 15, 2005. Interest on the 8 7/8% senior notes is payable semi-annually on April 15 and October 15 of each year.

**8 1/4% senior notes due 2007.** \$150 million aggregate principal amount 8 1/4% senior notes dated August 22, 1995, due August 15, 2007. Interest on the 8 1/4% senior notes is payable semi-annually on February 15 and August 15 of each year.

**6 1/2% senior notes due 2008.** \$350 million aggregate principal amount 6 1/2% senior notes dated January 13, 1998, due January 15, 2008. Interest on the 6 1/2% senior notes is payable semi-annually on January 15 and July 15 of each year.

**7 1/5% senior notes due 2028.** \$250 million aggregate principal amount 7 1/5% senior notes dated January 13, 1998, due July 15, 2028. Interest on the 7 1/5% senior notes is payable semi-annually on January 15 and July 15 of each year.

The 8 7/8% senior notes due 2005 and the 8 1/4% senior notes due 2007 are governed by an Indenture between the Company and The Chase Manhattan Bank (National Association) dated April 12, 1995. The 6 1/2% senior notes due 2008 and the 7 1/5% senior notes due 2028 are governed by an Indenture between the Company and the Bank of New York dated January 15, 1998. The Company's senior notes are general unsecured obligations ranking equally in right of payment with all other senior unsecured indebtedness of the Company and are senior in right of payment to all existing and future subordinated indebtedness of the Company. In addition, the Company is a holding company that conducts all its operations through subsidiaries, and the senior notes issuances are structurally subordinated to all obligations of its subsidiaries. Pioneer USA has fully and unconditionally guaranteed the senior note issuances.

**Tender Offer for Senior Subordinated Notes.** On December 18, 1997, the Company completed a cash



tender offer for two senior subordinated note issuances (the "Subordinated Notes") assumed as part of the merger with Mesa. The Company redeemed approximately 91 percent of the 11 5/8% senior subordinated discount notes due 2006 and approximately 98 percent of the 10 5/8% senior subordinated notes due 2006 (the "10 5/8% Notes") for a purchase price of \$829.90 and \$1,171.40, respectively, per \$1,000 tendered plus any interest accrued on the 10 5/8% Notes (the "Tender Offer"). As a result, the Company paid \$574.5 million for the principal amount tendered on the Subordinated Notes, including related fees, and \$15.7 million of accrued interest on the 10 5/8% Notes. As a result of the Tender Offer, the Company recognized an extraordinary loss on early extinguishment of debt of \$11.9 million (net of a related tax benefit of \$6.4 million) during the fourth quarter of 1997. The Company financed the purchase price of the Subordinated Notes tendered in the offer with borrowings under its Credit Facility Agreements.

**Extraordinary item.** In addition to the extraordinary loss resulting from the Tender Offer described above, the accompanying Consolidated Statement of Operations and Comprehensive Income (Loss) for the year ended December 31, 1997 includes a \$1.5 million (net of a related tax benefit of \$800 thousand) non-cash charge for an extraordinary loss on early extinguishment of debt resulting from the merger of Parker & Parsley and Mesa. This extraordinary loss relates to capitalized issuance fees associated with Parker & Parsley's previously existing bank credit facility which was replaced by the new Credit Facility Agreements for the Company.

**Interest expense.** The following amounts have been charged to interest expense for the years ended December 31, 1998, 1997 and 1996:

	1998	1997	
	-----	-----	-
	(in thousands)		
Cash payments for interest.....	\$135,811	\$64,667	\$
Cash payments for commitment and agency fees.....	--	1,073	
Accretion of discounts on loans.....	11,787	7,348	
Amortization of capitalized loan fees.....	1,142	1,177	
Net change in accruals.....	15,545	3,285	
	-----	-----	-
	\$164,285	\$77,550	\$
	=====	=====	=

The above amounts include \$6 million in 1997 and \$12 million in 1996 associated with the Preferred Shares of the Company's wholly-owned finance subsidiary (see Note I).

#### **NOTE F. Related Party Transactions**

**Activities with affiliated partnerships.** The Company, through its wholly-owned subsidiaries, has in the past sponsored certain affiliated partnerships, including 35 public and nine private drilling partnerships and three public income partnerships, all of which were formed primarily for the purpose of drilling and completing wells or acquiring producing properties. In accordance with the terms of the partnership agreements and the related tax partnership agreements of the affiliated partnerships, the Company participated in the activities of the sponsored partnerships on a promoted basis. In 1992, the Company discontinued sponsoring public and private oil and gas development drilling and income partnerships.

During each of 1994, 1993 and 1992, the Company formed a Direct Investment Partnership for the purpose of permitting selected key employees to invest directly, on an unpromoted basis, in wells that the Company drills. The partners in the Direct Investment Partnerships formed in 1994, 1993 and 1992 pay and receive approximately .337 percent, 1.5375 percent and 1.865 percent, respectively, of the costs and



revenues attributable to the Company's interest in the wells that such Direct Investment Partnership participates. The Company discontinued the formation of Direct Investment Partnerships in 1995.

The Company, through a wholly-owned subsidiary, serves as operator of properties in which it and its affiliated partnerships have an interest. Accordingly, the Company receives producing well overhead, drilling well overhead and other fees related to the operation of the properties. The affiliated partnerships also reimburse the Company for their allocated share of general and administrative charges.

The activities with affiliated partnerships are summarized for the following related party transactions for the years ended December 31, 1998, 1997 and 1996:

	1998	1997	1996
	-----	-----	-----
	(in thousands)		
Receipt of lease operating and supervision charges in accordance with standard industry operating agreements....	\$9,021	\$8,547	\$8,4
Reimbursement of general and administrative expenses.....	\$ 739	\$1,476	\$1,2

**Retirement Plans.** Effective August 8, 1997, the Compensation Committee of the Board of Directors approved a deferred compensation retirement plan for the officers and certain key employees of the Company. Each officer and key employee is allowed to contribute up to 25 percent of their base salary. The Company will then provide a matching contribution of 100 percent of the officer's and key employee's contribution limited to the first 10 percent of the officer's base salary and eight percent of the key employee's base salary. The Company's matching contribution vests immediately. A trust fund has been established by the Company to accumulate the contributions made under this retirement plan.

In December 1998, the Company received notification that an investment fund group had acquired beneficial ownership of greater than 20 percent of the Company's Common Stock. Pursuant to the provisions within the Company's deferred compensation retirement plan, if a third party acquires 20 percent or more of the Company's Common Stock certain change of control provisions contained within the plan are triggered. Accordingly, in December 1998, the Compensation Committee of the Board of Directors determined that a change of control had occurred, effective September 30, 1998, under the deferred compensation retirement plan. Consequently, all of the contributions to the deferred compensation retirement plan from August 1997 to December 15, 1998 were immediately distributed (December 15, 1998 was the earliest practicable date for the trust fund, once notified of a change of control, to determine contributions and investment earnings or losses related thereto for distribution).

During 1996 and prior to August 1997, the officers of Parker & Parsley participated in a similar deferred compensation retirement plan as noted above. As part of the merger with Mesa, the plan's change of control provision was triggered and all funds contributed through August 1997 were immediately vested and distributed.

**Consulting Fee.** Effective January 1, 1999, the Company entered into an amended and restated agreement with Rainwater, Inc. for a five year term, whereby the Company will pay Rainwater, Inc. \$300,000 per year and reimburse Rainwater, Inc. for certain expenses in consideration for consulting and financial analysis services provided to the Company by Rainwater, Inc. and its representatives. During 1998, the Company paid Rainwater, Inc. \$400,000 plus expenses for consulting and financial analysis services under a similar agreement. Richard E. Rainwater, who serves on the Company's Board of Directors, is the sole shareholder of Rainwater, Inc.



**NOTE G. Incentive Plans****Long-Term Incentive Plan**

In August 1997, the Company's stockholders approved a new long-term incentive plan (the "Long-Term Incentive Plan"), which provides for the granting of incentive awards in the form of stock options, stock appreciation rights, performance units and restricted stock to directors, officers and employees of the Company. The Long-Term Incentive Plan provides for the issuance of a maximum number of shares of Common Stock equal to 10 percent of the total number of shares of Common Stock equivalents outstanding minus the total number of shares of Common Stock subject to outstanding awards on the date of calculation under any stock-based plan for the directors, officers or employees of the Company.

As previously noted in Note F, in December 1998, the Company received notification that an investment fund group had acquired beneficial ownership of greater than 20 percent of the Company's Common Stock. Pursuant to the provisions within the Company's Long-Term Incentive Plan, if a third party acquires 20 percent or more of the Company's Common Stock, certain change of control provisions contained within the plan are triggered. In December 1998, the Compensation Committee of the Board of Directors determined that a change of control had occurred, effective September 30, 1998, under the Long-Term Incentive Plan. Consequently, all awards granted under the Long-Term Incentive Plan since its inception in August 1997 through September 30, 1998 were immediately vested and any restrictions were canceled. Accordingly, in 1998, the Company recognized \$9.6 million in other expense related to restricted stock awards that were vested.

The following table summarizes the cumulative stock and option awards granted, forfeited, exercised, in the case of options, and the lapse of restrictions, in the case of shares, under the Company's Long-Term Incentive Plan during 1998 and 1997:

	For the year ended Dec			
	1998			Shar
	Shares	Options	Total	
Outstanding, beginning of year.....	476,914	1,716,625	2,193,539	
Granted.....	137,086	2,146,553	2,283,639	476,
Forfeited.....	(12,585)	(923,995)	(936,580)	
Options exercised.....	--	--	--	
Shares with lapse of restrictions.....	(601,415)	--	(601,415)	
Outstanding, end of year.....	--	2,939,183	2,939,183	476,

The following table calculates the number of shares or options available for grant under the Company's Long-Term Incentive Plan as of December 31, 1998 and 1997:

	December 31,	
	1998	1997
Shares outstanding.....	100,296,223	101,036,
Options outstanding.....	2,939,183	1,716,
	103,235,406	102,753,



Maximum shares/options allowed under the Long-Term Incentive Plan.....	10,323,541	10,275,
Less: Outstanding awards under Long-Term Incentive Plan.....	(2,939,183)	(2,193,
Outstanding options under Mesa 1991 stock option plan.....	(407,284)	(418,
Outstanding options under Mesa 1996 incentive plan....	(422,854)	(510,
Outstanding options under Parker & Parsley long-term incentive plan.....	(810,709)	(896,
Shares/options available for future grant.....	5,743,511	6,257,

### ***Restricted stock awards***

Non-employee directors. Pursuant to the Long-Term Incentive Plan, on the last business day of the month in which the annual meeting of the stockholders of the Company is held, each non-employee director will automatically receive an award of Common Stock equal to 50 percent of the then current annual retainer fee. This award is made in lieu of an amount of cash equal to 50 percent of the annual retainer fee. In May 1998 and August 1997, the Company issued an aggregate 17,306 shares and 5,939 shares, respectively, to non-employee directors pursuant to this arrangement.

When issued, the shares of common stock awarded pursuant to the Long-Term Incentive Plan are subject to transfer restrictions that lapse on the first anniversary of the date of the award. In addition, if a non-employee director's services as a director of the Company are terminated for any reason before the next annual meeting of the Company's stockholders, a portion of the shares are forfeited, with the number of forfeited shares being based on the number of regularly scheduled meetings of the Board of Directors remaining to be held before the next annual meeting of the Company's stockholders.

***Officers and key employees.*** The Company, at its sole discretion, may pay annual bonuses awarded to selected officers and key employees either 100 percent in cash or partially in cash and partially in the form of restricted stock awards under the Long-Term Incentive Plan. The Company has established target bonus levels for each officer and key employee. Based upon Company and individual performance during the year, each officer or key employee has the potential to earn more or less than their target bonus level. The bonus awards are determined in the quarter following the Company's December 31 year-end. Any restricted stock awarded pursuant to this program will be limited to one-half of each officer's or key employee's target bonus level, and the remainder of the officer's or key employee's annual bonus will be paid in cash. The number of shares of restricted stock that are awarded pursuant to the annual bonus program is based on the closing sales price of the Company's common stock on the day immediately preceding the date of the award. Ownership of the restricted stock awarded vests one year after the date it is issued but is subject to transfer restrictions that lapse on one-third of the shares on each of the first, second and third anniversaries of the date of grant. Each recipient of restricted stock also receives an amount of cash equal to the estimated federal income taxes payable as a result of the receipt of such award. On February 9, 1998, the Company awarded an aggregate of 81,300 shares of restricted stock at a price of \$22.375 pursuant to the 1997 annual bonus program. The Company has elected not to award any restricted stock in conjunction with the 1998 annual bonus program.

During 1998 and 1997, the Company made other Long-Term Incentive Plan awards of 38,480 and 470,975 shares, respectively, to certain officers and key employees. The shares awarded are subject to a vesting period and transfer restrictions.

### ***Stock Options Awards***



The Company has a program of awarding semi-annual stock options to its officers and employees as part of their annual compensation package. This program provides for semi-annual awards at an exercise price based upon the closing sales price of the Company's common stock on the day preceding the date of grant, a three year vesting schedule and a five year exercise period from each vesting date. The Company granted 2,146,553 and 1,716,625 options under the Long-Term Incentive Plan during 1998 and 1997, respectively.

### Other Stock Based Plans

Prior to the merger with Mesa, both Parker & Parsley and Mesa had long-term incentive plans (Parker & Parsley Long-Term Incentive Plan, 1991 Stock Option Plan of Mesa and the 1996 Incentive Plan of Mesa) in place that allowed Parker & Parsley and Mesa to grant incentive awards similar to the provisions of the Long-Term Incentive Plan. Upon consummation of the merger between Parker & Parsley and Mesa, all awards under these plans were assumed by the Company with the provision that no additional awards be granted under these plans.

The information presented in the remainder of this footnote represents the awards granted under the Long-Term Incentive Plan since its approval in August 1997, the awards granted in 1997, and 1996 under the Parker & Parsley Long-Term Incentive Plan, and the assumption in August 1997 of the outstanding option awards granted under the 1991 Stock Option Plan of Mesa and the 1996 Incentive Plan of Mesa.

**Restricted stock awards.** The following table reflects the outstanding restricted stock awards and activity related thereto for 1998, 1997 and 1996:

	For the year ended December 31, 1998		For the year ended December 31, 1997	
	Number of Shares	Weighted Average Price	Number of Shares	Weighted Average Price
Restricted stock awards:				
Outstanding, beginning of year.....	476,914	\$37.88	79,819	\$23.35
Shares granted.....	137,086	\$21.13	506,786	\$37.43
Shares forfeited.....	(12,585)	\$35.67	--	--
Lapse of restrictions.....	(601,415)	\$34.11	(109,691)	\$25.66
	-----		-----	
Outstanding, end of year.....	--	--	476,914	\$37.88
	=====		=====	

Stock option awards. The Company applies APB 25 and related interpretations in accounting for its stock option awards. Accordingly, no compensation expense has been recognized for its stock option awards. If compensation expense for the stock option awards had been determined consistent with SFAS 123, the Company's net income (loss) and net income (loss) per share would have been adjusted to the pro forma amounts indicated below:

For the year ended De	
1998	1997
(in thousands, except amounts)	



Net income (loss).....	\$ (775,349)	\$ (893,729)
Basic net income (loss) per share.....	\$ (7.75)	\$ (17.20)
Diluted net income (loss) per share.....	\$ (7.75)	\$ (17.20)

Under SFAS 123, the fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants in 1998, 1997 and 1996:

	1998	1997
	-----	-----
Risk-free interest rate.....	5.45%	5.72%
Expected life.....	6 years	7 years
Expected volatility.....	36%	36%
Expected dividend yield.....	.56%	.30%

A summary of the Company's stock option plans as of December 31, 1998, 1997 and 1996, and changes during the years ended on those dates is presented below:

	For the year ended December 31, 1998		For the year ended December 31, 1997	
	Number of Options	Weighted Average Price	Number of Options	Weighted Average Price
	-----	-----	-----	-----
Non-statutory stock options:				
Outstanding, beginning of year.....	3,541,145	\$31.63	1,362,629	\$24.04
Options granted.....	2,146,553	\$19.22	1,744,704	\$34.00
Options assumed.....	--	--	928,478	\$33.97
Options forfeited.....	(1,106,835)	\$35.75	(1,500)	\$21.33
Options exercised.....	(833)	\$14.25	(493,166)	\$23.45
	-----	-----	-----	-----
Outstanding, end of year.....	4,580,030	\$24.83	3,541,145	\$31.63
	=====	=====	=====	=====
Exercisable at end of year.....	3,937,113	\$26.60	1,824,520	\$29.37
	=====	=====	=====	=====
Weighted average fair value of options granted during the year.....	\$ 8.21		\$ 16.10	
	=====		=====	

The following table summarizes information about the Company's stock options outstanding at December 31, 1998:

Options Outstanding				
Range of Exercise Prices	Number Outstanding at December 31, 1998	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Nu Exerci Decembe
-----	-----	-----	-----	-----
\$ 6 - 18	1,569,319	5.4 years	\$15.62	9
\$19 - 28	1,209,377	5.4 years	\$24.16	1,2
\$29 - 38	1,485,482	4.3 years	\$30.01	1,4
\$39 - 52	298,638	1.8 years	\$46.84	2
\$80 - 82	17,214	3.1 years	\$81.81	
	-----			---
	4,580,030			3,9



=====

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In addition to the expense associated with the accelerated vesting of awards under the Company's Long-Term Incentive Plan that occurred as a result of the change of control, the Company recognized \$3.9 million, \$3.3 million and \$1.9 million in general and administrative compensation expense related to its Incentive Plans during 1998, 1997 and 1996, respectively. Additionally, \$3.1 million of the Company's 1998 reorganization costs are compensation expenses related to its Incentive Plans.

#### **NOTE H. Commitments and Contingencies**

**Severance agreements.** The Company has entered into severance agreements with its parent company officers, subsidiary company officers and certain key employees. Salaries and bonuses for the Company's officers are set independent of this agreement by the Compensation Committee for the parent company officers and the Management Committee for subsidiary company officers and key employees. These committees can grant increases or reductions to base salary at their discretion. The current annual salaries for the parent company officers, the subsidiary company officers and key employees covered under such agreements total approximately \$7.8 million.

Either the Company or the officer/key employee may terminate the officer's or key employee's employment under the severance agreement at any time. The Company must pay the officer or key employee an amount equal to one year's base salary if employment is terminated because of death, disability, or normal retirement. The Company must pay the officer or key employee an amount equal to one year's base salary and continue health insurance for the officer or key employee and his or her immediate family for one year if the Company terminates employment without cause or if the officer or key employee terminates employment with good reason, which occurs when reductions in the officer's or key employee's base annual salary exceed specified limits or if, in the case of officers, the officer is demoted to an officer position junior to their current officer position or to a non-officer position. If within one year after a change in control of the Company, the Company terminates the officer or key employee without cause or if the officer or key employee terminates employment with good reason, the Company must pay parent company officers an amount equal to 2.99 times the sum of the officer's base salary plus target bonus for the year and subsidiary company officers and key employees an amount equal to two times the officer's or key employee's base salary and continue health insurance for the officer or key employee and his immediate family for one year. If the officer or key employee terminates employment with the Company without good reason between six months and one year after a change in control, or at any time within one year after a change in control if the officer or key employee is required to move, then the Company must pay the officer or key employee one year's base salary and continue health insurance for the officer or key employee and his or her immediate family for one year. Officers and key employees are also entitled to additional payments for certain tax liabilities that may apply to severance payments following a change in control.

**Indemnifications.** The Company has indemnified its directors and certain of its officers, employees and agents with respect to claims and damages arising from acts or omissions taken in such capacity, as well as with respect to certain litigation.

**Legal actions.** The Company is party to various legal actions incidental to its business, including, but not limited to, the proceedings described below. The majority of these lawsuits primarily involve claims for damages arising from oil and gas leases and ownership interest disputes. The Company believes that the ultimate disposition of these legal actions will not have a material adverse effect on the Company's consolidated financial position, liquidity, capital resources or future results of operations. The Company will continue to evaluate its litigation matters on a quarter-by-quarter basis and will adjust the litigation



reserve as appropriate to reflect the then current status of its litigation.

*Masterson.* In February 1992, the current lessors of an oil and gas lease (the "Gas Lease") dated April 30, 1955, between R.B. Masterson et al., as lessor, and Colorado Interstate Gas Company ("CIG"), as lessee, sued CIG in Federal District Court in Amarillo, Texas, claiming that CIG had underpaid royalties due under the Gas Lease. Under the agreements with CIG, the Company, as successor to Mesa, has an entitlement to gas produced from the Gas Lease. In August 1992, CIG filed a third-party complaint against the Company for any such royalty underpayment which may be allocable to the Company. Plaintiffs alleged that the underpayment was the result of CIG's use of an improper gas sales price upon which to calculate royalties and that the proper price should have been determined pursuant to a "favored-nations" clause in a July 1, 1967, amendment to the Gas Lease. The plaintiffs also sought a declaration by the court as to the proper price to be used for calculating future royalties.

The plaintiffs alleged royalty underpayments of approximately \$500 million (including interest at 10 percent) dating from July 1, 1967. In March 1995, the court made certain pretrial rulings that eliminated approximately \$400 million of the plaintiff's claims (which related to periods prior to October 1, 1989), but which also reduced a number of the Company's defenses. The Company and CIG filed stipulations with the court whereby the Company would have been liable for between 50 percent and 60 percent, depending on the time period covered, of an adverse judgment against CIG or post-February 1988 underpayments of royalties.

On March 22, 1995, a jury trial began and on May 4, 1995, the jury returned its verdict. Among its findings, the jury determined that CIG had underpaid royalties for the period after September 30, 1989, in the amount of approximately \$140,000. Although the plaintiffs argued that the "favored-nations" clause entitled them to be paid for all of their gas at the highest price voluntarily paid by CIG to any other lessor, the jury determined that the plaintiffs were estopped from claiming that the "favored-nations" clause provides for other than a pricing-scheme to pricing-scheme comparison. In light of this determination, and the plaintiff's stipulation that a pricing-scheme to pricing-scheme comparison would not result in any "trigger prices" or damages, defendants asked the court for a judgment that plaintiffs take nothing. The court, on June 7, 1995, entered final judgment that plaintiffs recover no monetary damages. The plaintiffs filed a motion for new trial on June 22, 1995. The court, on July 18, 1997, denied plaintiffs' motion. The plaintiffs have appealed to the Fifth Circuit Court of Appeals, where oral arguments were heard in December 1998 and a decision could be announced by the end of the first quarter of 1999.

On June 7, 1996, the plaintiffs filed a separate suit against CIG and the Company in state court in Amarillo, Texas, similarly claiming underpayment of royalties under the "favored-nations" clause, but based upon the above-described pricing-scheme to pricing-scheme comparison on a well-by-well monthly basis. The plaintiffs also claim underpayment of royalties since June 7, 1995, under the "favored-nations" clause based upon either the pricing-scheme to pricing-scheme method or their previously alleged higher price method. The Company believes it has several defenses to this action and intends to contest it vigorously. The Company has not yet determined the amount of damages, if any, that would be payable if such action was determined adversely to the Company.

The federal court in the above-referenced first suit issued an order on July 29, 1996, which stayed the state suit pending the plaintiffs' resolution of the first suit.

Based on the jury verdict and final judgment, the Company does not currently expect the ultimate resolution of either of these lawsuits to have a material adverse effect on its financial position or results of operations.



*Kansas ad valorem tax.*

The Natural Gas Policy Act of 1978 ("NGPA") allows a "severance, production or similar" tax to be included as an add-on, over and above the maximum lawful price for natural gas. Based on a Federal Energy Regulatory Commission ("FERC") ruling that Kansas ad valorem tax was such a tax, Mesa collected the Kansas ad valorem tax in addition to the otherwise maximum lawful price. The FERC's ruling was appealed to the United States Court of Appeals for the District of Columbia ("D.C. Circuit"), which held in June 1988 that the FERC failed to provide a reasoned basis for its findings and remanded the case to the FERC for further consideration.

On December 1, 1993, the FERC issued an order reversing its prior ruling, but limiting the effect of its decision to Kansas ad valorem taxes for sales made on or after June 28, 1988. The FERC clarified the effective date of its decision by an order dated May 18, 1994. The order clarified that the effective date applies to tax bills rendered after June 28, 1988, not sales made on or after that date. Numerous parties filed appeals on the FERC's action in the D.C. Circuit. Various natural gas producers challenged the FERC's orders on two grounds: (1) that the Kansas ad valorem tax, properly understood, does qualify for reimbursement under the NGPA; and (2) the FERC's ruling should, in any event, have been applied prospectively. Other parties challenged the FERC's orders on the grounds that the FERC's ruling should have been applied retroactively to December 1, 1978, the date of the enactment of the NGPA and producers should have been required to pay refunds accordingly.

The D.C. Circuit issued its decision on August 2, 1996, which holds that producers must make refunds of all Kansas ad valorem tax collected with respect to production since October 4, 1983 as opposed to June 28, 1988. Petitions for rehearing were denied on November 6, 1996. Various natural gas producers subsequently filed a petition for writ of certiorari with the United States Supreme Court seeking to limit the scope of the potential refunds to tax bills rendered on or after June 28, 1988 (the effective date originally selected by the FERC). Williams Natural Gas Company filed a cross-petition for certiorari seeking to impose refund liability back to December 1, 1978. Both petitions were denied on May 12, 1997.

The Company and other producers filed petitions for adjustment with the FERC on June 24, 1997. The Company is seeking waiver or set-off from FERC with respect to that portion of the refund associated with (i) non-recoupable royalties, (ii) non-recoupable Kansas property taxes based, in part, upon the higher prices collected, and (iii) interest for all periods. On September 10, 1997, FERC denied this request, and on October 10, 1997, the Company and other producers filed a request for rehearing. Pipelines were given until November 10, 1997 to file claims on refunds sought from producers and refunds totaling approximately \$30 million were made against the Company. The Company is unable at this time to predict the final outcome of this matter or the amount, if any, that will ultimately be refunded. As of December 31, 1998, the Company has set aside \$29.7 million, including accrued interest, in an escrow account and has a corresponding obligation for this litigation recorded in other current liabilities in the accompanying Consolidated Balance Sheet. In addition, during 1998, the Company paid \$1.4 million to a pipeline in settlement of the pipeline's share of the total initial obligation.

**Lease agreements.** The Company leases equipment and office facilities under noncancellable operating leases on which rental expense for the years ended December 31, 1998, 1997 and 1996 was approximately \$8.9 million, \$3.7 million and \$2.9 million, respectively. Future minimum lease commitments under noncancellable operating leases at December 31, 1998 are as follows (in thousands):

1999.....	\$7,846
2000.....	\$5,933
2001.....	\$2,029
2002.....	\$1,685



2003.....	\$1,234
Thereafter.....	\$4,206

### NOTE I. Preferred Stock of Subsidiary

On July 28, 1997, the Company issued 6.7 million shares of common stock in exchange for the 3,776,400 Preferred Shares outstanding. These Preferred Shares were originally issued by Parker & Parsley Capital LLC, a wholly-owned finance subsidiary of the Company, in 1994. During 1997 and 1996, the Company recorded \$6 million and \$12 million, respectively, of interest expense associated with the Preferred Shares.

### NOTE J. Derivative Financial Instruments

The Company has only limited involvement with derivative financial instruments and generally does not use them for trading purposes. They are used to manage well-defined interest rate and commodity price risks. The Company is exposed to credit losses in the event of nonperformance by the counterparties to its interest rate swap agreements and its commodity hedges. The Company anticipates, however, that such counterparties will be able to fully satisfy their obligations under the contracts. The Company does not obtain collateral or other security to support financial instruments subject to credit risk but monitors the credit standing of the counterparties.

As part of the acquisitions of Mesa and Chauvco, the Company became the successor to certain derivative financial instruments entered into by Mesa or Chauvco that do not qualify for hedge accounting treatment. Such instruments will be marked-to-market at the end of each reporting period during their respective lives and the effects on the Company's results of operations in future periods could be significant. Those instruments not qualifying for hedge accounting are designated under the heading "Mark-to-Market Derivatives" below.

### Hedge Derivatives

**Interest rate swap agreements.** During the second quarter of 1996, the Company entered into a series of interest rate swap agreements for an aggregate amount of \$150 million with four counterparties. These agreements, which have a term of three years, effectively convert a portion of the Company's fixed-rate borrowings into floating-rate obligations. The weighted average fixed rate being received by the Company over the term of these agreements is 6.62 percent while the weighted average variable rate paid by the Company for the years ended December 31, 1998, 1997 and 1996 was 5.75 percent, 5.78 percent and 5.56 percent, respectively. The variable rate will be redetermined approximately every six months based upon the London interbank offered rate at that point in time. The Company was also party to an interest rate swap agreement for an aggregate amount of \$250 million with one counterparty. This agreement, which expired in August 1998, effectively converted a portion of the Company's floating-rate borrowings into fixed-rate obligations. The effect of this agreement was to provide the Company with an interest rate of 6.23 percent on \$250 million in nominal principal amount for the term of the agreement. The accompanying Consolidated Statements of Operations and Comprehensive Income (Loss) for the years ended December 31, 1998, 1997 and 1996 include a reduction in interest expense of \$356 thousand, \$847 thousand and \$787 thousand, respectively, to account for the settlement of these rate swap agreements.

During 1997, the Company entered into two agreements with a counterparty that obligated the Company to sell United States Treasury securities at a designated point in the future. The face amount of the United States Treasury securities was \$300 million at interest rates ranging from 6.05 percent to 6.33 percent.



These agreements effectively converted a portion of the Company's floating-rate borrowings into fixed-rate obligations. In January 1998, the Company terminated these agreements at a cost of \$16.8 million. This amount is being amortized over the life of the Company's Primary Facility.

**Commodity hedges.** The Company utilizes various swap and option contracts to (i) reduce the effect of the volatility of price changes on the commodities the Company produces and sells, (ii) support the Company's annual capital budgeting and expenditure plans and (iii) lock in prices to protect the economics related to certain capital projects.

**Crude oil.** All material purchase contracts governing the Company's oil production have been tied directly or indirectly to NYMEX prices. During the fourth quarter of 1998, the Company terminated its 1999 crude oil hedge contracts. As a result, the Company has deferred in other current liabilities in the accompanying Consolidated Balance Sheet \$14.0 million of hedge gains that will be recognized in 1999 as additions to crude oil revenue. The recognition of these hedge gains will increase 1999 crude oil revenue by \$3.5 million per calendar quarter.

The Company reports average oil prices per Bbl including the effects of oil quality, gathering and transportation costs and the net effect of the oil hedges. The following table sets forth the Company's oil prices, both realized (excluding hedge results) and reported, and the net effects of settlements of oil price hedges to revenue:

	Year ended December 31		
	1998	1997	199
Average price reported per Bbl.....	\$13.08	\$18.51	\$19.
Average price realized per Bbl.....	\$11.93	\$19.09	\$21.
Addition (reduction) to revenue (in millions).....	\$ 24.8	\$ (7.9)	\$(15

**Natural Gas Liquids.** The Company, from time to time, hedges natural gas liquids based on actual product prices in order to mitigate some of the volatility associated with NYMEX pricing. At December 31, 1998, the Company had no outstanding NGL hedge contracts.

During the year ended December 31, 1998, the Company did not enter into any natural gas liquids hedge contracts. The Company reported and realized an average natural gas liquids price of \$8.90 per Bbl during the year ended December 31, 1998. During the year ended December 31, 1997, the Company reported average natural gas liquids prices of \$12.59 per Bbl while realizing an average price for physical sales (excluding hedging results) of \$12.61 per Bbl and recorded a net decrease to natural gas liquids revenue of \$77,600.

**Natural Gas.** The Company employs a policy of hedging a portion of its gas production based on the index price upon which the gas is actually sold in order to mitigate the basis risk between NYMEX prices and actual index prices.

The Company was a party to contracts that hedged a portion of its January 1999 gas production. The January hedge contracts expired in December 1998. Related thereto, the Company has deferred \$2.5 million of hedge gains that will be recognized in January 1999. The following table sets forth the Company's outstanding gas hedge contracts as of December 31, 1998. Prices included herein represent the Company's weighted average index price per MMBtu and, as an additional point of reference, the weighted average price for the portion of the Company's gas which is hedged based on NYMEX.



	First Quarter	Second Quarter	Third Quarter
	-----	-----	-----
Daily gas production:			
1999-Swap Contracts*			
Volume (Mcf).....	93,417	163,445	156,800
Index price per MMBtu.....	\$2.17	\$2.20	\$2.21
NYMEX price per MMBtu.....	\$2.39	\$2.39	\$2.39
1999-Collar Options**			
Volume (Mcf).....	107,398	163,827	163,827
Index price per MMBtu.....	\$2.06-\$2.61	\$2.06-\$2.61	\$2.06-\$2.61
2000-Swap Contracts*			
Volume (Mcf).....	35,000	35,000	35,000
Index price per MMBtu.....	\$2.35	\$2.35	\$2.35
2000-Collar Options***			
Volume (Mcf).....	93,741	93,741	93,741
Index price per MMBtu.....	\$2.14-\$2.75	\$2.14-\$2.75	\$2.14-\$2.75

\* Certain counterparties to the 1999 and 2000 Swap Contracts have the contractual right to extend 35,000 Mcf per day for one additional year at prices of \$2.40 and \$2.41 per MMBtu, respectively.

\*\* Concurrent with the Company's purchase of certain of the 1999 Collar Options, the Company sold 1999 put options to the counterparties for an average volume of 114,286 Mcf per day at an average index price of \$1.82 per MMBtu. Consequently, if the weighted average 1999 index price falls below \$1.82 per MMBtu, the Company will receive a price for the notional contract volumes that exceeds the weighted average index price by approximately \$.30 per MMBtu. 65,000 Mcf per day of the 1999 Collar Options and associated put options sold are extendable at the option of the counterparties for a period of one year at average per MMBtu prices of \$2.18-\$2.79 for the collar options and \$1.88 for the put options.

\*\*\* Concurrent with the Company's purchase of the 2000 Collar Options, the Company sold 2000 put options to the counterparties for an equal volume at an average index price of \$1.84 per MMBtu. Consequently, if the weighted average 2000 index price falls below \$1.84 per MMBtu, the Company will receive a price for the notional contract volumes that exceeds the weighted average index price by approximately \$.30 per MMBtu. 75,000 Mcf per day of the 2000 Collar Options and associated put options are extendable for one year at the option of the counterparties at average per MMBtu prices of \$2.20-\$2.90 for the collar options and \$1.90 for the put options.

The Company reports average gas prices per Mcf including the effects of Btu content, gathering and transportation costs, gas processing and shrinkage and the net effect of the gas hedges. The following table sets forth the Company's gas prices, both realized (excluding hedge results) and reported, and the net effects of settlements of gas price hedges to revenue:

	Year ended December 3		
	1998	1997	19
	-----	-----	---
Average price reported per Mcf.....	\$1.82	\$ 2.20	\$2.
Average price realized per Mcf.....	\$1.80	\$ 2.41	\$2.
Addition (reduction) to revenue (in millions).....	\$ 3.6	\$(21.9)	\$(9



## Mark-to-Market Derivatives

**Interest rate swap/currency swap.** At December 31, 1997, the Company was party to a swap agreement with a counterparty in which the Company paid a fixed-rate of interest in Canadian dollars and received a fixed-rate of interest in United States dollars. In July 1998, the Company terminated this agreement and recognized a \$3.5 million pre-tax gain associated therewith.

**Interest rate cap.** At December 31, 1998 and 1997, the Company was party to an interest rate cap agreement with a counterparty which caps the Canadian dollar banker's acceptance rate at 8.00 percent on a notional amount of \$80 million Canadian dollars. The agreement was entered into in 1997 and expires in September 1999. Under the agreement, the Company pays the counterparty a fixed amount in Canadian dollars on a quarterly basis. The counterparty has no payment obligation to the Company until such time as the Canadian banker's acceptance reference rate exceeds 8.00 percent. The effect of this agreement, in periods in which the reference rate is below 8.00 percent, is to increase the interest rate on \$80 million Canadian dollars of floating-rate debt by 28 basis points.

**Foreign currency agreements.** The Company has a series of forward foreign exchange swap agreements to exchange Canadian dollars for United States dollars at future dates for a fixed amount of the first currency. As of December 31, 1998 and 1997, the United States dollar equivalent of foreign currency exchange swap agreements approximated \$144 million and \$216 million, respectively. These contracts originated with the Company's acquisition of Chauvco in December 1997. As these contracts do not qualify as hedges, the Company recorded a \$14.7 million non-cash pre-tax mark-to-market increase to the recognized liabilities associated with these agreements in 1998. These contracts will continue to be marked-to-market until they mature at various dates in the fourth quarter of 2000 and the effects on the Company's results of operations in future periods could be significant.

**BTU swap agreements.** During 1996, Mesa entered into BTU swap agreements covering 13,036 MMBtu per day from January 1, 1997 through December 31, 2004. Under the terms of these agreements, the Company received a premium of \$.52 per MMBtu over market natural gas prices from January 1, 1997 through December 31, 1998. Additionally, the Company will receive 10 percent of the NYMEX oil price for the volumes covered for a six-year period beginning January 1, 1999 and ending December 31, 2004. As these derivative contracts do not qualify as hedges, the Company recorded non-cash pre-tax mark-to-market increases to the liabilities recognized for the BTU swap agreements of \$5.8 million and \$5.2 million in 1998 and 1997, respectively. These contracts will continue to be marked-to-market at the end of each reporting period during their respective lives and the effects on the Company's results of operations in future periods could be significant.

## NOTE K. Sales to Major Customers

The Company's share of oil and gas production is sold to various purchasers. The Company is of the opinion that the loss of any one purchaser would not have an adverse effect on the ability of the Company to sell its oil and gas production.

The following domestic customers individually accounted for 10 percent or more of the consolidated oil and gas revenues of the Company during the years ended December 31, 1998, 1997 or 1996:

Customer	Percentage of Consolidated Oil and Gas Revenue	
	1998	1997



Williams Energy Services.....	10	--
Genesis Crude Oil, L.P.....	10	23
Mobil Oil Corporation.....	7	16
Western Gas Resources.....	5	10
Producers Energy Marketing, L.L.C. (a).....	3	11

(a) Producers Energy Marketing, LLC ("ProEnergy") is a natural gas marketing company in which the Company owned a noncontrolling member interest of approximately 10 percent during 1997 and 1996. Effective January 1, 1998, the Company withdrew as a member of ProEnergy.

At December 31, 1998, the amounts receivable from Williams Energy Services, Genesis Crude Oil, L.P., Mobil Oil Corporation and Western Gas Resources were \$9.1 million, \$3.8 million, \$2.8 million and \$1.5 million, respectively, which are included in the caption "Accounts receivable — oil and gas sales" in the accompanying Consolidated Balance Sheet.

#### **NOTE L. Disposition of Australasian Assets**

On March 28, 1996, the Company completed the sale of certain wholly-owned Australian subsidiaries to Santos Ltd., and on June 20, 1996, the Company completed the sale of another wholly-owned subsidiary, Bridge Oil Timor Sea, Inc., to Phillips Petroleum International Investment Company. During the year ended December 31, 1996, the Company received aggregate consideration of \$237.5 million for these combined sales which consisted of \$186.6 million of proceeds for the equity of such entities, \$21.8 million for reimbursement of certain intercompany cash advances, and the assumption of such subsidiaries' net liabilities, exclusive of oil and gas properties, of \$29.1 million. The accompanying Consolidated Statement of Operations and Comprehensive Income (Loss) for the year ended December 31, 1996 includes a pre-tax gain of \$83.3 million from the disposition of these subsidiaries (net of transaction expenses of \$8.7 million) and an income tax provision of \$16 million. The income tax provision for the year ended December 31, 1996, includes \$6.4 million related to the write-off of certain net operating loss carryforwards which, with the sale of the income producing assets in the Australian tax jurisdiction, will not be utilized in the future.

#### **NOTE M. Impairment of Long-Lived Assets**

In accordance with SFAS 121, the Company reviews its proved oil and gas properties for impairment whenever events and circumstances indicate a decline in the recoverability of the carrying value of the Company's oil and gas properties. The Company estimates the expected future net cash flows of its oil and gas properties and compares such estimated future net cash flows to the respective carrying amounts of the oil and gas properties to determine if the carrying amounts are likely to be recoverable. For those proved oil and gas properties for which the carrying amount exceeds the estimated future net cash flows, an impairment is determined to exist and the Company adjusts the carrying amount of those proved oil and gas properties to their fair value as determined by discounting their expected future net cash flows at a discount rate commensurate with the risks involved in the industry.

Subsequent to the Mesa purchase in August 1997, crude oil prices began to decline. Based on the decline in the fourth quarter of 1997, the Company adjusted its outlook for future commodity prices downward and recognized a \$1.4 billion impairment provision in 1997, primarily related to Mesa properties which were acquired in August 1997.



In 1998 crude oil prices continued to decline. The Company believed the continued decline would be short-lived, however, after stabilizing somewhat in the second and third quarters of 1998, crude oil prices fell sharply again in the fourth quarter of 1998. As a result, the Company now believes it may take several years for crude oil prices to recover and, accordingly, it again adjusted its outlook for future commodity prices downward in the fourth quarter of 1998. This coupled with the Company's assessment of performance issues related to certain oil and gas properties resulted in an impairment provision of \$312.2 million in 1998.

As discussed above, using the Company's revised outlook for commodity prices, the Company reassessed its unproved properties on a project-by-project basis in 1998, and the Company recognized non-cash, pre-tax unproved property impairment provisions of \$147.3 million.

See Note P for disclosure of these impairment charges by geographic operating segment.

#### NOTE N. Reorganization

During 1998, the Company announced its plans to sell certain non-strategic oil and gas fields, its intentions to reorganize its operations by combining its six domestic operating regions, and other cost reduction initiatives intended to allow Pioneer to better adapt to declining oil and gas commodity price trends. Specific cost reduction initiatives included the relocation of most of the Company's administrative services from Midland, Texas to Irving, Texas; the closings of the Company's regional offices in Oklahoma City, Oklahoma, Corpus Christi, Texas and Houston, Texas; the termination of 350 employees, including several officer positions; and, further centralization of the Company's organization structure. The consolidation of administrative services to Irving is complete and the Corpus Christi, Texas office is closed. The Company anticipates the Houston, Texas and Oklahoma City, Oklahoma offices to be closed in February 1999. The unpaid employee termination costs as of December 31, 1998 relates to employees who were notified of their pending termination prior to December 31, 1998, but were still employed with the Company as of December 31, 1998. The unpaid office closing amounts primarily relate to remaining lease commitments on the office buildings in Oklahoma City, Oklahoma, Corpus Christi, Texas, and Houston, Texas. As a result of the 1998 reorganization initiatives, the Company has recognized pre-tax reorganization charges of \$33.2 million during 1998.

The following table provides a description of the components of the 1998 reorganization charges and the remaining unpaid portions of the charges as of December 31, 1998:

	Total Charges	Payments	U
	-----	-----	-
		(in thousand)	
Employee terminations.....	\$22,525	\$17,845	
Relocation.....	6,677	6,677	
Office closings.....	3,873	343	
Other.....	124	124	
	-----	-----	
	\$33,199	\$24,989	
	=====	=====	

#### NOTE O. Income Taxes

Income tax provision (benefit) and amounts separately allocated were as follows:

Year ended December



	1998	1997
	(in thousands)	
Income (loss) before extraordinary item.....	\$15,600	\$ (500,300)
Extraordinary gain (loss).....	-- >	(7,200)
Stockholders' equity provision (benefit).....	4,300	(2,900)
Change in cumulative translation adjustment.....	(6,000)	--
	<u>\$13,900</u>	<u>\$ (510,400)</u>
	=====	=====

Income tax provision (benefit) attributable to income (loss) before extraordinary item consists of the following:

	Year ended December	
	1998	1997
	(in thousands)	
Current:		
U.S. federal.....	\$ (3,300)	\$ 900
State and local.....	300	100
	<u>(3,000)</u>	<u>1,000</u>
Deferred:		
U.S. Federal.....	\$ 123,500	(470,000)
State and local.....	(300)	(28,500)
Foreign.....	(104,600)	(2,800)
	<u>18,600</u>	<u>(501,300)</u>
Total.....	<u>\$ 15,600</u>	<u>\$ (500,300)</u>
	=====	=====

Income (loss) before income taxes and extraordinary item consists of the following:

	Year ended December	
	1998	1997
	(in thousand)	
Income (loss) before income taxes and extraordinary item:		
U.S. federal.....	\$ (393,602)	\$ (1,369,58
Foreign.....	(337,224)	(7,98
	<u>\$ (730,826)</u>	<u>\$ (1,377,56</u>
	=====	=====

Reconciliations of the U.S. federal statutory tax rate to the Company's effective tax rate for income (loss) before extraordinary items are as follows:

	1998	1997	1996
	(in percentages)		
U.S. federal statutory tax rate.....	(35.0)	(35.0)	35.0



Disposition of foreign subsidiaries.....	--	--	(6.9)
Valuation allowance.....	37.1	--	--
Other.....	--	(1.3)	1.9
	-----	-----	-----
Consolidated effective tax rate.....	2.1	(36.3)	30.0
	=====	=====	=====

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities were as follows:

	December 31,	
	1998	1997
	-----	
	(in thousands)	
Deferred tax assets:		
Net operating loss carryforwards.....	\$ 291,678	\$184,438
Alternative minimum tax credit carryforwards.....	1,565	4,903
Other.....	73,260	57,248
	-----	-----
Total deferred tax assets.....	366,503	246,589
Valuation allowance.....	(271,100)	--
	-----	-----
Net deferred tax assets.....	95,403	246,589
	-----	-----
Deferred tax liabilities:		
Oil and gas properties, principally due to differences in basis and depletion and the deduction of intangible drilling costs for tax purposes.....	44,058	206,721
Other.....	11,645	35,168
	-----	-----
Total deferred tax liabilities.....	55,703	241,889
	-----	-----
Net deferred tax asset.....	\$ 39,700	\$ 4,700
	=====	=====

Realization of deferred tax assets associated with net operating loss carryforwards ("NOLs") and other credit carryforwards is dependent upon generating sufficient taxable income prior to their expiration. The Company believes that there is a risk, in light of the Company's revised outlook for future commodity prices as discussed in Note M, that certain of these NOLs and other credit carryforwards may expire unused and, accordingly, has established a valuation allowance of \$271.1 million in 1998 against them. Although realization is not assured for the remaining deferred tax asset, the Company believes it is more likely than not that they will be realized through future taxable earnings or alternative tax planning strategies. However, the net deferred tax assets could be reduced further if the Company's estimate of taxable income in future periods is significantly reduced or alternative tax planning strategies are no longer viable.

As discussed in Note B, certain subsidiaries that are consolidated for financial reporting purposes are not eligible to be included in the Company's consolidated U.S. federal income tax return and separate provisions for income taxes have been determined for these entities or groups of entities. At December 31, 1998, the Company had NOLs for U.S. federal, Argentine, Canadian, and South African income tax purposes of \$712.6 million, \$47.3 million, \$52.8 million and \$7.7 million, respectively, which are available to offset future regular taxable income in each respective tax jurisdiction, if any. Additionally, at December 31, 1998, the Company has alternative minimum tax net operating loss carryforwards ("AMT NOLs") in the U.S. of \$617.7 million, which are available to reduce future alternative minimum taxable income, if any. These carryforwards expire as follows:



Expiration Date -----	U.S. -----		Argentin NOL ----- (in thous
	NOL -----	AMT NOL -----	
December 31, 1999.....	\$ --	\$ --	\$ 2,161
December 31, 2000.....	--	--	8,788
December 31, 2001.....	689	593	10,385
December 31, 2002.....	6,066	6,034	6,216
December 31, 2003.....	838	--	19,703
December 31, 2005.....	11,049	10,762	--
December 31, 2006.....	30,834	12,254	--
December 31, 2007.....	104,107	101,151	--
December 31, 2008.....	112,508	106,558	--
December 31, 2009.....	129,484	102,727	--
December 31, 2010.....	125,111	110,961	--
December 31, 2011.....	6,521	4,045	--
December 31, 2012.....	68,609	58,890	--
December 31, 2018.....	116,823	103,755	--
Indefinite.....	--	--	--
Total.....	\$712,639 =====	\$617,730 =====	\$47,253 =====

The NOLs and AMT NOLs from certain of the U.S. subsidiaries are subject to various utilization limitations. In total, approximately \$36.7 million of the NOLs and \$16.3 million of the AMT NOLs are limited in use to specific U.S. subsidiaries. Section 382 of the Internal Revenue Code provides another limitation to \$592.1 million of the Company's U.S. NOLs and \$503.8 million of its AMT NOLs. The Company believes the utilization of \$352.1 million of the NOLs and \$263.8 million of the AMT NOLs subject to the Section 382 limitation are limited in each taxable year to approximately \$104.2 million and the remaining \$240.0 million of the NOLs and AMT NOLs subject to the Section 382 limitation are limited in each taxable year to approximately \$20.0 million.

The tax returns and the amount of taxable income or loss are subject to examination by U.S. federal, state and foreign taxing authorities. Current and estimated tax payments of \$300,000, \$2.7 million and \$970,000 were made in 1998, 1997 and 1996, respectively. In addition, the Company received a refund of \$3.3 million in 1998.

#### NOTE P. Geographic Operating Segment Information

In June 1997, the FASB issued Statement of Financial Accounting Standards No. 131, "Disclosure about Segments of an Enterprise and Related Information" ("SFAS 131"). SFAS 131 establishes guidelines for reporting selected information about operating segments. The Company has operations in only one industry segment, that being the oil and gas exploration and production industry; however, the Company is organizationally structured along geographic operating segments, or regions. Since the merger with Mesa and the acquisition of Chauvco, the Company has had reportable operations in the U.S., Argentina and Canada. During 1997 and 1996, the Company had only minor operations outside the U.S.

The following table provides the geographic operating segment data required by SFAS 131, as well as results of operations of oil and gas producing activities required by Statement of Financial Accounting Standards No. 69, "Disclosures about Oil and Gas Producing Activities" ("SFAS 69"). Geographic operating segment income tax benefits (provisions) have been determined based on statutory rates existing in the various tax jurisdictions where the Company has oil and gas producing activities. The



"Headquarters and other" table column includes revenues, expenses, additions to properties, plants and equipment, and assets that are not related to oil and gas producing activities, and that are not routinely included in the earnings measures or attributes internally reported to management on a geographic operating segment basis.

	U.S.	Argentina
	-----	-----
Year ended December 31, 1998:		
Oil and gas revenue.....	\$ 579,156	\$ 65,256
Interest and other.....	--	--
Loss on disposition of assets.....	(52)	--
	-----	-----
	579,104	65,256
	-----	-----
Production costs.....	177,371	21,158
Depletion, depreciation and amortization.....	239,561	42,115
Impairment of oil and gas properties.....	237,528	136,751
Exploration and abandonments.....	69,263	18,245
General and administrative.....	--	--
Reorganization.....	--	--
Interest.....	--	--
Other.....	--	--
	-----	-----
	723,723	218,269
	-----	-----
Loss before income taxes.....	(144,619)	(153,013)
Income tax benefit (provision).....	53,075	50,494
	-----	-----
Net loss.....	\$ (91,544)	\$ (102,519)
	=====	=====
Additions to properties, plant and equipment.....	\$ 346,368	\$ 69,082
	=====	=====
Segment assets.....	\$ 2,259,746	\$ 692,271
	=====	=====
Year ended December 31, 1997:		
Oil and gas revenue.....	\$ 533,865	\$ 2,917
Interest and other.....	--	--
Gain on disposition of assets.....	3,305	--
	-----	-----
	537,170	2,917
	-----	-----
Production costs.....	143,332	838
Depletion, depreciation and amortization.....	203,160	1,290
Impairment of oil and gas properties.....	1,356,390	--
Exploration and abandonments.....	69,896	1,822
General and administrative.....	--	--
Interest.....	--	--
Other.....	--	--
	-----	-----
	1,772,778	3,950
	-----	-----
Loss before income taxes and extraordinary item.....	(1,235,608)	(1,033)
Income tax benefit.....	453,468	341
	-----	-----
Loss before extraordinary items.....	\$ (782,140)	\$ (692)
	=====	=====
Additions to properties, plant and equipment.....	\$ 417,269	\$ 4,446
	=====	=====
Segment assets.....	\$ 2,684,091	\$ 734,569
	=====	=====



	U.S.	Argentina
	-----	-----
Year ended December 31, 1996:		
Oil and gas revenue.....	\$ 385,198	\$ 1,142
Natural gas processing.....	--	--
Interest and other.....	--	--
Gain on disposition of assets.....	7,784	--
	-----	-----
	392,982	1,142
	-----	-----
Production costs.....	106,898	136
Natural gas processing.....	--	--
Depletion, depreciation and amortization.....	98,655	231
Exploration and abandonments.....	16,264	4,008
General and administrative.....	--	--
Interest.....	--	--
Other.....	--	--
	-----	-----
	221,817	4,375
	-----	-----
Income (loss) before income taxes.....	171,165	(3,233)
Income tax benefit (provision).....	(62,818)	1,067
	-----	-----
Net income (loss).....	\$ 108,347	\$ (2,166)
	=====	=====
Additions to properties, plant and equipment.....	\$ 207,495	\$ 4,541
	=====	=====
Segment assets.....	\$ 1,143,282	\$ 3,543
	=====	=====

#### NOTE Q. Earnings per Share

In accordance with the requirements of SFAS 128, the following table provides a reconciliation between basic and diluted earnings per share for the year ended December 31, 1996. For 1998 and 1997, the computation of diluted net loss per share was antidilutive; therefore, the amounts reported for basic and diluted net loss per share were the same.

	Income	Shares
	-----	-----
	(in thousands)	
Basic EPS		
Income available to common stockholders.....	\$140,248	35,475
Effect of Dilutive Securities		
Options/restricted stock.....	--	394
Preferred shares.....	7,683	6,714
	-----	-----
Diluted EPS:		
Income available to common stockholders plus assumed conversions.....	\$147,931	42,583
	=====	=====

#### NOTE R. Pioneer USA

Pioneer USA is a wholly-owned subsidiary of the Company that has fully and unconditionally guaranteed



certain debt securities of the Company (see Note E above). The Company has not prepared financial statements and related disclosures for Pioneer USA under separate cover because management of the Company has determined that such information is not material to investors. In accordance with practices accepted by the U.S. Securities and Exchange Commission ("SEC"), the Company has prepared Consolidating Financial Statements in order to quantify the assets of Pioneer USA as a subsidiary guarantor. The following Consolidating Balance Sheets as of December 31, 1998 and 1997 and Consolidating Statements of Operations for the Years Ended December 31, 1998 and 1997 present financial information for Pioneer Natural Resources Company as the Parent on a stand-alone basis (carrying any investments in subsidiaries under the equity method), financial information for Pioneer USA on a stand-alone basis (carrying any investment in non-guarantor subsidiaries under the equity method), financial information for the non-guarantor subsidiaries of the Company on a consolidated basis, the consolidation and elimination entries necessary to arrive at the information for the Company on a consolidated basis, and the financial information for the Company on a consolidated basis. Pioneer USA is not restricted from making distributions to the Company.

Pioneer USA's guarantees of the Company's debt securities were executed as a result of the merger with Mesa in August 1997. Consequently, a Consolidating Statement of Operations for the year ended December 31, 1996 has not been presented.

**CONSOLIDATING BALANCE SHEET**  
**As of December 31, 1998**  
**(in thousands)**

**ASSETS**

	Pioneer Natural Resources Company (Parent)	Pioneer USA	G Su
	-----	-----	--
Current assets:			
Cash and cash equivalents.....	\$ 3,161	\$ 37,932	\$
Accounts receivable, trade.....	636	75,236	
Affiliate receivables.....	2,240,421	(1,828,672)	
Inventories.....	--	8,930	
Deferred income taxes.....	7,100	--	
Other current assets.....	87	8,868	
	-----	-----	--
Total current assets.....	2,251,405	(1,697,706)	--
	-----	-----	--
Property, plant and equipment, at cost:			
Oil and gas properties, using the successful efforts method of accounting:			
Proved properties.....	--	2,678,637	
Unproved properties.....	--	58,989	
Accumulated depletion, depreciation and amortization.....	--	(753,570)	
	-----	-----	--
	--	1,984,056	--
	-----	-----	--
Deferred income taxes.....	96,800	--	
Other property and equipment, net.....	--	38,229	
Other assets, net.....	9,787	43,557	
Investment in subsidiaries.....	135,204	148,257	
	-----	-----	--



\$ 2,493,196	\$ 516,393	\$
=====	=====	=

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current liabilities:			
Current maturities of long-term debt.....	\$ 212,302	\$ 1,189	\$
Accounts payable:			
Trade.....	697	56,723	
Affiliates.....	29	4,463	
Other current liabilities.....	21,001	84,759	
	-----	-----	-
Total current liabilities.....	234,029	147,134	-
	-----	-----	-
Long-term debt, less current maturities.....	1,676,933	830	
Other noncurrent liabilities.....	--	189,325	
Deferred income taxes.....	--	--	
Stockholders' equity:			
Partners' capital.....	--	--	
Common stock.....	934	1	
Additional paid-in capital.....	2,143,214	2,022,076	
Treasury stock, at cost.....	(10,388)	--	
Retained deficit.....	(1,551,526)	(1,842,973)	
Cumulative translation adjustment.....	--	--	
	-----	-----	-
Total stockholders' equity.....	582,234	179,104	-
	-----	-----	-
Commitments and contingencies.....	\$ 2,493,196	\$ 516,393	\$
	=====	=====	=

**CONSOLIDATING BALANCE SHEET****As of December 31, 1997****(in thousands)****ASSETS**

	<b>Pioneer Natural Resources Company (Parent)</b>	<b>Pioneer USA</b>	<b>\$</b>
	-----	-----	-
Current assets:			
Cash and cash equivalents.....	\$ 41	\$ 49,033	
Accounts receivable, trade.....	5	138,569	
Affiliate receivables.....	2,088,082	(1,673,443)	
Inventories.....	--	11,677	
Deferred income taxes.....	16,700	--	
Other current assets.....	--	10,988	
	-----	-----	
Total current assets.....	2,104,828	(1,463,176)	
	-----	-----	
Property, plant and equipment, at cost:			
Oil and gas properties, using the successful efforts method of accounting:			
Proved properties.....	--	2,453,750	
Unproved properties.....	--	98,664	
Accumulated depletion, depreciation and amortization.....	--	(504,628)	
	-----	-----	
	--	2,047,786	
	-----	-----	



Deferred income taxes.....	206,400	--
Other property and equipment, net.....	--	26,096
Other assets, net.....	4,705	68,715
Investment in subsidiaries.....	645,113	284,046
	<u>\$2,961,046</u>	<u>\$ 963,467</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current liabilities:		
Current maturities of long-term debt.....	\$ --	\$ 538
Accounts payable:		
Trade.....	663	113,432
Affiliates.....	90	9,904
Other current liabilities.....	5,771	61,648
	<u>6,524</u>	<u>185,522</u>
Total current liabilities.....		
Long-term debt, less current maturities.....	1,700,500	565
Other noncurrent liabilities.....	--	140,668
Deferred income taxes.....	(9,853)	--
Stockholders' equity:		
Partners' capital.....	--	--
Common stock.....	901	1
Additional paid-in capital.....	2,058,935	2,049,072
Treasury stock, at cost.....	(21)	--
Unearned compensation.....	--	(16,196)
Retained deficit.....	(795,940)	(1,396,165)
	<u>1,263,875</u>	<u>636,712</u>
Total stockholders' equity.....		
Commitments and contingencies.....	\$2,961,046	\$ 963,467

**CONSOLIDATING STATEMENT OF OPERATIONS**  
**For the Year ended December 31, 1998**  
**(in thousands)**

	<b>Pioneer Natural Resources Company (Parent)</b>	<b>Pioneer USA</b>	<b>Gua Subs</b>
	<u>-----</u>	<u>-----</u>	<u>----</u>
Revenue			
Oil and gas.....	\$ --	\$ 523,736	\$ 1
Interest and other.....	38	7,937	
Loss on disposition of assets, net.....	--	(477)	
	<u>38</u>	<u>531,196</u>	<u>1</u>
Costs and expenses:			
Oil and gas production.....	--	164,964	
Depletion, depreciation and amortization.....	--	225,127	1
Impairment of oil and gas properties.....	--	237,529	2
Exploration and abandonments.....	--	71,851	
General and administrative.....	2,042	57,158	
Reorganization.....	--	31,756	
Interest.....	(54,237)	159,863	
Equity loss from subsidiary.....	675,142	4,358	
Other.....	722	22,732	



	623,669	975,338	5
Loss before income taxes.....	(623,631)	(444,142)	(3)
Income tax provision.....	--	(174)	1
Net loss.....	<u>\$ (623,631)</u>	<u>\$ (444,316)</u>	<u>\$ (2)</u>

**CONSOLIDATING STATEMENT OF OPERATIONS**  
**For the Year ended December 31, 1997**  
**(in thousands)**

	Pioneer Natural Resources Company (Parent)	Pioneer USA	Gua Subs
Revenue			
Oil and gas.....	\$ --	\$ 453,771	\$
Interest and other.....	--	5,357	
Gain on disposition of assets, net.....	--	6,062	
	--	465,190	
Costs and expenses:			
Oil and gas production.....	--	128,644	
Depletion, depreciation and amortization.....	--	166,495	
Impairment of oil and gas properties.....	--	1,220,920	1
Exploration and abandonments.....	--	67,679	
General and administrative.....	613	44,766	
Interest.....	5,910	67,969	
Equity loss from subsidiary.....	1,407,844	124,874	
Other.....	--	7,065	
	1,414,367	1,828,412	2
Loss before income taxes and extraordinary item...	(1,414,367)	(1,363,222)	(1)
Income tax benefit.....	--	--	
Loss before extraordinary item.....	(1,414,367)	(1,363,222)	(1)
Extraordinary item -- loss on early extinguishment of debt net of tax.....	--	(13,408)	
Net loss.....	<u>\$ (1,414,367)</u>	<u>\$ (1,376,630)</u>	<u>\$ (1)</u>

**CONSOLIDATING STATEMENT OF CASH FLOWS**  
**For the Year ended December 31, 1998**  
**(in thousands)**

	Pioneer Natural Resources Company (Parent)	Pioneer USA	G Su
Cash flows from operating activities:			
Net loss.....	\$ (623,631)	\$ (444,316)	\$



Adjustments to reconcile net loss to net cash provided by operating activities:			
Depletion, depreciation and amortization.....	--	225,127	
Impairment of oil and gas properties.....	--	237,529	
Exploration expenses, including dry holes.....	--	53,903	
Deferred income taxes.....	--	174	
(Gain) loss on disposition of assets, net.....	--	477	
Other noncash items.....	685,032	44,181	
Changes in working capital.....	(212,716)	196,284	
<hr/>			
Net cash provided by (used in) operating activities.....	(151,315)	313,359	
<hr/>			
Cash flows from investing activities:			
Proceeds from disposition of assets.....	--	13,791	
Additions to oil and gas properties.....	--	(309,639)	
Other property additions, net.....	--	(15,862)	
<hr/>			
Net cash used in investing activities.....	--	(311,710)	
<hr/>			
Cash flows from financing activities:			
Borrowings under long-term debt.....	886,008	--	
Principal payments on long-term debt.....	(704,857)	(1,326)	
Payment of noncurrent liabilities.....	--	(11,424)	
Dividends.....	(9,160)	--	
Purchase of treasury stock.....	(10,367)	--	
Deferred loan fees/issuance costs.....	(7,189)	--	
<hr/>			
Net cash provided by (used in) financing activities.....	154,435	(12,750)	
<hr/>			
Net increase (decrease) in cash and cash equivalents....	3,120	(11,101)	
Effect of exchange rate changes on cash and cash equivalents.....	--	--	
Cash and cash equivalents, beginning of period.....	41	49,033	
<hr/>			
Cash and cash equivalents, end of period.....	\$ 3,161	\$ 37,932	\$
<hr/>			

## PIONEER NATURAL RESOURCES COMPANY

### UNAUDITED SUPPLEMENTARY INFORMATION Years ended December 31, 1998, 1997 and 1996

#### Capitalized Costs

	December 31,	
	1998	1997
	(in thousands)	
Oil and Gas Properties:		
Proved.....	\$3,621,630	\$3,575,9
Unproved.....	342,589	545,0
	3,964,219	4,121,0
Less accumulated depletion.....	(930,111)	(605,2
Net capitalized costs for oil and gas properties.....	\$3,034,108	\$3,515,8



## Costs Incurred for Oil and Gas Producing Activities

	Property Acquisition Cost		Explorati Costs
	Proved	Unproved(a)	
	(in thousan		
Year ended December 31, 1998:			
United States.....	\$ 19,658	\$ 34,092	\$ 62,747
Argentina.....	4,504	67,010	22,521
Canada.....	1,185	(93,349)	21,871
Other foreign(b).....	(136)	--	21,706
Total costs incurred.....	\$ 25,211	\$ 7,753	\$128,845
Year ended December 31, 1997:			
United States.....	\$2,623,993	\$ 91,373	\$ 88,710
Argentina.....	430,607	252,343	1,822
Canada.....	287,787	194,067	--
Other foreign(c).....	--	332	5,442
Total costs incurred.....	\$3,342,387	\$538,115	\$ 95,974
Year ended December 31, 1996:			
United States.....	\$ 15,699	\$ 5,255	\$ 31,568
Foreign(d).....	18	--	7,240
Total costs incurred.....	\$ 15,717	\$ 5,255	\$ 38,808

(a) Includes 1998 Chauvco purchase price adjustments of \$59.9 million for Argentina and \$(99.4) million for Canada.

(b) Primarily relates to the drilling of five wells in South Africa.

(c) Primarily relates to an unsuccessful well in Guatemala.

(d) Includes \$7.4 million of expenditures related to the Company's Australian properties prior to their sale in 1996. The remainder relates to the Company's interests in Argentine properties.

### PIONEER NATURAL RESOURCES COMPANY

#### UNAUDITED SUPPLEMENTARY INFORMATION Years ended December 31, 1998, 1997 and 1996

#### Results of Operations

Information about the Company's results of operations for oil and gas producing operations is presented in accordance with SFAS 69 and SFAS 131 in Note P to the accompanying Notes to Consolidated Financial Statements.

#### Reserve Quantity Information

The estimates of the Company's proved oil and gas reserves, which are located principally in the United



States, Argentina and Canada are prepared by the Company's engineers. Reserves were estimated in accordance with guidelines established by the SEC and the Financial Accounting Standards Board, which require that reserve estimates be prepared under existing economic and operating conditions with no provision for price and cost escalations except by contractual arrangements. The reserve estimates for 1998, 1997 and 1996 utilize respective oil prices of \$10.09, \$16.89 and \$24.55 per Bbl (reflecting adjustments for oil quality and gathering and transportation costs), and gas prices of \$1.64, \$2.06 and \$3.97 per Mcf (reflecting adjustments for BTU content, gathering and transportation costs and gas processing and shrinkage). The reserve estimates for 1998 and 1997 utilize respective NGL prices of \$6.81 and \$12.79 per Bbl.

Oil and gas reserve quantity estimates are subject to numerous uncertainties inherent in the estimation of quantities of proved reserves and in the projection of future rates of production and the timing of development expenditures. The accuracy of such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of subsequent drilling, testing and production may cause either upward or downward revision of previous estimates. Further, the volumes considered to be commercially recoverable fluctuate with changes in prices and operating costs. The Company emphasizes that reserve estimates are inherently imprecise and that estimates of new discoveries are more imprecise than those of currently producing oil and gas properties. Accordingly, these estimates are expected to change as additional information becomes available in the future.

## PIONEER NATURAL RESOURCES COMPANY

### UNAUDITED SUPPLEMENTARY INFORMATION

Years ended December 31, 1998, 1997 and 1996

#### Oil and Gas Producing Activities

	1998			
	Oil & NGLs (MBbls)	Gas (MMcf)	MBOE	& (
<b>Total Proved Reserves:</b>				
UNITED STATES				
Balance, January 1.....	329,316	1,719,130	615,838	1
Revisions of previous estimates.....	(34,211)	(32,113)	(39,563)	
Purchases of minerals in place.....	--	--	--	1
New discoveries and extensions.....	183	3,438	756	
Production.....	(25,327)	(137,741)	(48,284)	(
Sales of minerals-in-place.....	(323)	(7,070)	(1,501)	
Balance, December 31.....	269,638	1,545,644	527,246	3
CANADA				
Balance, January 1.....	22,796	207,868	57,441	
Revisions of previous estimates.....	(6,905)	60,247	3,135	
Purchases of minerals-in-place.....	2	--	2	
New discoveries and extensions.....	261	5,951	1,253	
Production.....	(3,596)	(19,371)	(6,824)	
Sales of minerals-in-place.....	(111)	(5,465)	(1,022)	
Balance, December 31.....	12,447	249,230	53,985	
AUSTRALIA				
Balance, January 1.....	--	--	--	
Revisions of previous estimates.....	--	--	--	



Purchases of minerals-in-place.....	--	--	--	
New discoveries and extensions.....	--	--	--	
Production.....	--	--	--	
Sales of minerals-in-place.....	--	--	--	
	-----	-----	-----	-
Balance, December 31.....	--	--	--	
ARGENTINA				
Balance, January 1.....	31,612	340,392	88,344	
Revisions of previous estimates.....	(7,615)	76,843	5,192	
Purchases of minerals-in-place.....	--	--	--	
New discoveries and extensions.....	3,522	37,900	9,839	
Production.....	(3,300)	(26,801)	(7,767)	
Sales of minerals-in-place.....	--	--	--	
	-----	-----	-----	-
Balance, December 31.....	24,219	428,334	95,608	
TOTAL				
Balance, January 1.....	383,724	2,267,390	761,623	1
Revisions of previous estimates.....	(48,731)	104,977	(31,236)	
Purchases of minerals-in-place.....	2	--	2	1
New discoveries and extensions.....	3,966	47,289	11,848	
Production.....	(32,223)	(183,913)	(62,875)	(
Sales of minerals-in-place.....	(434)	(12,535)	(2,523)	
	-----	-----	-----	-
Balance, December 31.....	306,304	2,223,208	676,839	3
	=====	=====	=====	=
<b>Proved Developed Reserves:</b>				
January 1.....	329,920	1,956,658	656,030	1
	=====	=====	=====	=
December 31.....	274,953	2,001,775	608,582	3
	=====	=====	=====	=

## PIONEER NATURAL RESOURCES COMPANY

### UNAUDITED SUPPLEMENTARY INFORMATION Years ended December 31, 1998, 1997 and 1996

#### Standardized Measure of Discounted Future Net Cash Flows

The standardized measure of discounted future net cash flows is computed by applying year-end prices of oil and gas (with consideration of price changes only to the extent provided by contractual arrangements) to the estimated future production of proved oil and gas reserves less estimated future expenditures (based on year-end costs) to be incurred in developing and producing the proved reserves, discounted using a rate of 10% per year to reflect the estimated timing of the future cash flows. Future income taxes are calculated by comparing discounted future cash flows to the tax basis of oil and gas properties plus available carryforwards and credits and applying the current tax rates to the difference.

Discounted future cash flow estimates like those shown below are not intended to represent estimates of the fair value of oil and gas properties. Estimates of fair value should also consider probable reserves, anticipated future oil and gas prices, interest rates, changes in development and production costs and risks associated with future production. Because of these and other considerations, any estimate of fair value is necessarily subjective and imprecise.

## PIONEER NATURAL RESOURCES COMPANY

### UNAUDITED SUPPLEMENTARY INFORMATION Years ended December 31, 1998, 1997 and 1996



	For the year ended	
	1998	1997
	(in thousa	
UNITED STATES		
Oil and gas producing activities:		
Future cash inflows.....	\$ 5,050,473	\$ 8,936,
Future production costs.....	(2,281,406)	(3,185,
Future development costs.....	(227,727)	(325,
Future income tax expense.....	--	(860,
	2,541,340	4,564,
10% annual discount factor.....	(1,314,471)	(2,067,
Standardized measure of discounted future net cash flows.....	\$ 1,226,869	\$ 2,497,
ARGENTINA		
Oil and gas producing activities:		
Future cash inflows.....	\$ 686,911	\$ 912,
Future production costs.....	(196,446)	(168,
Future development costs.....	(45,710)	(137,
Future income tax expense.....	--	(60,
	444,755	547,
10% annual discount factor.....	(211,956)	(201,
Standardized measure of discounted future net cash flows.....	\$ 232,799	\$ 345,
CANADA		
Oil and gas producing activities:		
Future cash inflows.....	\$ 526,844	\$ 662,
Future production costs.....	(163,414)	(223,
Future development costs.....	(49,380)	(48,
Future income tax expense.....	(30,797)	(79,
	283,253	311,
10% annual discount factor.....	(94,113)	(102,
Standardized measure of discounted future net cash flows.....	\$ 189,140	\$ 209,
TOTAL		
Oil and gas producing activities:		
Future cash inflows.....	\$ 6,264,228	\$10,510,
Future production costs.....	(2,641,266)	(3,576,
Future development costs.....	(322,817)	(511,
Future income tax expense.....	(30,797)	(999,
	3,269,348	5,423,
10% annual discount factor.....	(1,620,540)	(2,371,
Standardized measure of discounted future net cash flows.....	\$ 1,648,808	\$ 3,051,

## PIONEER NATURAL RESOURCES COMPANY

 UNAUDITED SUPPLEMENTARY INFORMATION  
 Years ended December 31, 1998, 1997 and 1996



## Oil and Gas Producing Activities

	For the year ended	
	1998	1997
	(in thous)	
Oil and gas sales, net of production costs.....	\$ (487,942)	\$ (392)
Net changes in prices and production costs.....	(1,281,944)	(1,034)
Extensions and discoveries.....	44,018	19
Sales of minerals-in-place.....	(12,748)	(126)
Purchases of minerals-in-place.....	3	1,880
Revisions of estimated future development costs.....	(2,777)	(15)
Revisions of previous quantity estimates.....	(68,086)	240
Accretion of discount.....	307,567	234
Changes in production rates, timing and other.....	75,045	(99)
Change in present value of future net reserves.....	(1,426,864)	706
Net change in present value of future income taxes.....	23,908	537
Balance, beginning of year.....	(1,402,956)	1,244
	3,051,764	1,807
Balance, end of year.....	\$ 1,648,808	\$ 3,051

## Selected Quarterly Financial Results

	Quar	
	First	Second
	(in thousands excep	
1998		
Operating revenues.....	\$197,369	\$183,647
Total revenues.....	\$198,557	\$185,107
Costs and expenses.....	\$238,801	\$235,616
Net loss.....	\$ (26,844)	\$ (32,809)
Net loss per share.....	\$ (.27)	\$ (.33)
1997		
Operating revenues.....	\$103,779	\$ 94,847
Total revenues.....	\$106,707	\$ 97,389
Costs and expenses.....	\$ 77,994	\$ 85,576
Income (loss) before extraordinary item.....	\$ 18,613	\$ 7,413
Net income (loss).....	\$ 18,613	\$ 7,413
Income (loss) before extraordinary item per share.....	\$ .53	\$ .21
Net income (loss) per share.....	\$ .53	\$ .21

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

At a meeting held on December 5, 1997, the Board of Directors of the Company approved the engagement of Ernst & Young LLP as the Company's independent auditors for the fiscal year ending December 31, 1998 to replace the firm of KPMG LLP, who were dismissed as auditors of the Company after completing the audit of the Company for the fiscal year ending December 31, 1997. The audit committee of the Board of Directors approved the change in auditors on December 5, 1997, subject to ratification by the Company's stockholders.



The reports of KPMG LLP on the Company's financial statements for the past two fiscal years did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope, or accounting principles.

In connection with the audits of the Company's financial statements for each of the two fiscal years ended December 31, 1997 and 1996, there were no disagreements with KPMG LLP on any matters of accounting principles or practices, financial statement disclosure, or auditing scope and procedures which, if not resolved to the satisfaction of KPMG LLP would have caused KPMG LLP to make reference to the matter in their report.

The Company received from KPMG LLP a letter addressed to the Securities and Exchange Commission stating that KPMG LLP agrees with the above statements. A copy of the letter was included as Exhibit 16.1 to the Company's annual report on Form 10-K for the fiscal year ended December 31, 1997.

### **PART III**

#### **ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT**

The information required in response to this item is set forth in the Company's definitive proxy statement for the annual meeting of stockholders to be held in 1999 and is incorporated herein by reference.

#### **ITEM 11. EXECUTIVE COMPENSATION**

The information required in response to this item is set forth in the Company's definitive proxy statement for the annual meeting of stockholders to be held in 1999 and is incorporated herein by reference.

#### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The information required in response to this item is set forth in the Company's definitive proxy statement for the annual meeting of stockholders to be held in 1999 and is incorporated herein by reference.

#### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

The information required in response to this item is set forth in the Company's definitive proxy statement for the annual meeting of stockholders to be held in 1999 and is incorporated herein by reference.

### **PART IV**

#### **ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K**

##### **Listing of Financial Statements and Exhibits**

##### ***Financial Statements***

The following consolidated financial statements of the Company are included in "Item 8. Financial Statements and Supplementary Data":



**Independent Auditors' Reports**

Consolidated Balance Sheets as of December 31, 1998 and 1997  
Consolidated Statements of Operations and Comprehensive Income  
(Loss) for the years ended December 31, 1998, 1997 and 1996  
Consolidated Statements of Stockholders' Equity for the years ended  
December 31, 1998, 1997 and 1996  
Consolidated Statements of Cash Flows for the years ended December 31,  
1998, 1997 and 1996  
Notes to Consolidated Financial Statements  
Unaudited Supplementary Information

All other statements and schedules for which provision is made in the applicable accounting regulations of the SEC have been omitted because they are not required under related instructions or are inapplicable, or the information is shown in the financial statements and related notes.

**Reports on Form 8-K**

No reports on Form 8-K were filed by the Company during the fourth quarter of 1998.

**Exhibits**

Included in Form 10-K filed with the Securities and Exchange Commission.

**Financial Statement Schedules**

No financial statement schedules are required to be filed as part of this Report or are inapplicable.



## LEVEL 1 - 34 OF 77 DOCUMENTS

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OBTAINED THROUGH THE OFFICE OF THE MARYLAND STATE DEPARTMENT OF  
ASSESSMENTS AND  
TAXATION. \*\*\*

## MARYLAND DEPT. OF ASSESSMENTS &amp; TAXATION, CORPORATE RECORD

NAME: PARKER &amp; PARSLEY PETROLEUM USA, INC,

TYPE: FOREIGN CORPORATION, ORDINARY BUSINESS - STOCK,  
FOREIGN CORPORATION QUALIFIED TO DO BUSINESS IN MARYLAND

STATUS: MERGED

STATUS-DATE: 10/03/1997

DATE OF INCORPORATION/QUALIFICATION: 08/14/1995 10:03 AM

## ADDRESS:

MAILING: 303 W WALL ST STE 101  
MIDLAND, TEXAS 79701PRINCIPAL: 303 W. WALL, SUITE 101  
MIDLAND, TEXAS 79701-0000

STATE OF INCORPORATION/REGISTRATION: DELAWARE

RESIDENT AGENT OR REGISTRAR: CORPORATION TRUST INCORPORATED

RESIDENT/REGISTRAR OFFICE: 32 SOUTH STREET  
BALTIMORE, MARYLAND 21202-0000

NUMBER: F4206561

## HISTORY:

DATE: 10/03/1997 03:14 PM  
TRANSACTION: CERTIFIED STATEMENT-MERGER  
FILM/FOLIO#: F3979/2413, 3 PAGESDATE: 10/03/1997 03:14 PM  
TRANSACTION: FREE FORM NARRATIVE  
COMMENTS: CERTIFIED STATEMENT MERGER OF PARKER & PARSLEY PETROLEUM  
USA, INC, (A DE CORPORATION) INTO PIONEER NATURAL  
RESOURCES USA, INC. (A DE CORPORATION) (SURVIVOR)  
FILM/FOLIO#: F3979/2413, 3 PAGES

## TAX HISTORY:

	CURRENT YEAR	PREVIOUS YEAR
PERS. PROPERTY:		
STATE BASE:	0	0



SUB-DIV BASE:	0	0
TOWN BASE:	0	0
ASSESSMENT		
ESTIMATED:	NO	NO
PENALTY AMOUNT:	0	0

PREVIOUS STATUS: MERGED AS OF 10/03/1997

FILM/FOLIO: F3742/835, 3 PAGES

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TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARSLEY PETROLEUM COMPANY

Principal Place of Business: 5205 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

Principal Office: 5205 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

Tax Address: 5205 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

Type of Corporation: DOMESTIC PROFIT

Status: ACTIVE

Standing from Comptrollers Office: IN GOOD STANDING BUT NOT FOR DISSOLUTION

Status Date: 11/12/1984

Filing Date: 11/12/1984

Duration: PERPETUAL

State of Incorporation: TEXAS

Registered Agent: MARK L. WITHROW

Registered Office: 5205 N. O'CONNOR BLVD., STE 1400  
IRVING, TEXAS 75039

Subsidiaries: PIONEER NATURAL RESOURCES USA, INC  
State: DELAWARE  
% Owned: 100

Capital/Stock: 1000 CO AT 1.00

Tax Year: 1998

State Tax ID: 030008673565

Incorporators: THOMAS A. ROBERTS, DALLAS, TEXAS

Officers and Directors:  
PAULSEN, LARRY N  
VICE PRESIDENT



## TEXAS SECRETARY OF STATE, CORPORATE RECORD

(OFFICER)  
SAME  
IRVING, TEXAS 75039

KELLUM, DANNY  
VICE PRESIDENT  
(OFFICER)  
SAME  
IRVING, TEXAS 75039

HOWARD, W T  
VICE PRESIDENT  
(OFFICER)  
SAME  
IRVING, TEXAS 75039

WITHROW, MARK L  
VICE PRESIDENT AND SECRETARY  
(OFFICER)  
SAME  
IRVING, TEXAS 75039

Number: 00728376-00

## History:

Date	Transaction
-----	-----
12/18/1987	CHANGE OF REGISTERED AGENT
06/09/1989	PUBLIC INFORMATION REPORT FILED WITH NO REVISIONS
12/03/1993	PUBLIC INFORMATION REPORT FILED
12/03/1993	PUBLIC INFORMATION REPORT FILED
12/03/1993	PUBLIC INFORMATION REPORT FILED
05/18/1994	CHANGE OF REGISTERED AGENT
07/27/1994	PUBLIC INFORMATION REPORT FILED
07/27/1994	PUBLIC INFORMATION REPORT FILED
07/27/1994	PUBLIC INFORMATION REPORT FILED
07/27/1994	PUBLIC INFORMATION REPORT FILED
07/27/1994	PUBLIC INFORMATION REPORT FILED
07/27/1994	PUBLIC INFORMATION REPORT FILED
07/27/1994	PUBLIC INFORMATION REPORT FILED
07/28/1995	PUBLIC INFORMATION REPORT FILED
07/28/1995	PUBLIC INFORMATION REPORT FILED
07/28/1995	PUBLIC INFORMATION REPORT FILED
07/28/1995	PUBLIC INFORMATION REPORT FILED
08/11/1996	PUBLIC INFORMATION REPORT FILED
08/11/1996	PUBLIC INFORMATION REPORT FILED
08/11/1996	PUBLIC INFORMATION REPORT FILED
08/11/1996	PUBLIC INFORMATION REPORT FILED
06/22/1997	PUBLIC INFORMATION REPORT FILED
06/22/1997	PUBLIC INFORMATION REPORT FILED
06/22/1997	PUBLIC INFORMATION REPORT FILED
05/18/1998	CHANGE OF REGISTERED AGENT
06/21/1998	PUBLIC INFORMATION REPORT FILED



TEXAS SECRETARY OF STATE, CORPORATE RECORD

06/21/1998	PUBLIC INFORMATION REPORT FILED
06/21/1998	PUBLIC INFORMATION REPORT FILED
03/27/1999	PUBLIC INFORMATION REPORT FILED WITH REVISIONS
03/27/1999	PUBLIC INFORMATION REPORT FILED WITH REVISIONS

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TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: WESTPAN NGL CO.

Principal Place of Business: 5205 N O'CONNOR BLVD, STE 1400  
IRVING, TEXAS 75039

Principal Office: 5205 N O'CONNOR BLVD, STE 1400  
IRVING, TEXAS 75039

Tax Address: 5205 N O'CONNOR BLVD, STE 1400  
IRVING, TEXAS 75039

Type of Corporation: FOREIGN PROFIT

Status: ACTIVE

Standing from Comptrollers Office: IN GOOD STANDING BUT NOT FOR DISSOLUTION

Status Date: 01/27/1997

Filing Date: 01/27/1997

Duration: PERPETUAL

State of Incorporation: DELAWARE

Registered Agent: CT CORPORATION SYSTEM

Registered Office: 350 N. ST. PAUL  
DALLAS, TEXAS 75201

Parent Company: PIONEER NATURAL RESOURCES USA, INC  
State: DELAWARE  
% Owned: 100

Tax Year: 1998

State Tax ID: 017526900208

Officers and Directors:  
FAGERSTONE, DENNIS E  
PRESIDENT  
(BOTH OFFICER AND DIRECTOR)  
5205 N O'CONNOR BLVD, STE 1400  
IRVING, TEXAS 75039



## TEXAS SECRETARY OF STATE, CORPORATE RECORD

SMITH, M GARRETT  
EXECUTIVE VICE PRESIDENT  
(BOTH OFFICER AND DIRECTOR)  
5205 N O'CONNOR BLVD, STE 1400  
IRVING, TEXAS 75039

WITHROW, MARK L  
SECRETARY  
(BOTH OFFICER AND DIRECTOR)  
5205 N O'CONNOR BLVD, STE 1400  
IRVING, TEXAS 75039

DEALY, RICHARD P  
VICE PRESIDENT  
(OFFICER)  
5205 N O'CONNOR BLVD, STE 1400  
IRVING, TEXAS 75039

PETTY, STEPHAN R  
VICE PRESIDENT  
(OFFICER)  
5205 N O'CONNOR BLVD, STE 1400  
IRVING, TEXAS 75039

Number: 00113542-06

## History:

Date	Transaction
-----	-----
01/27/1997	CERTIFICATE OF AUTHORITY
08/19/1998	PUBLIC INFORMATION REPORT FILED
08/19/1998	PUBLIC INFORMATION REPORT FILED

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TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: BSE PROPERTIES, INC.

Principal Place of Business: 5205 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

Principal Office: 5205 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

Tax Address: 5205 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

Type of Corporation: DOMESTIC PROFIT

Status: DEAD

Status Comment: MERGER

Status Date: 12/17/1998

Filing Date: 07/17/1997

Duration: PERPETUAL

State of Incorporation: TEXAS

Registered Agent: MARK L. WITHROW

Registered Office: 5205 N. O'CONNOR BLVD., STE 1400  
IRVING, TEXAS 75039

Survivor: PIONEER NATURAL RESOURCES USA, INC.  
State: DELAWARE

Capital/Stock: 1,000 AT \$ .01

Tax Year: 1998

State Tax ID: 032000019037

Incorporators: MARC DINGLER, MIDLAND, TEXAS

Officers and Directors:

PAULSEN, LARRY N  
PRESIDENT

(BOTH OFFICER AND DIRECTOR)



## TEXAS SECRETARY OF STATE, CORPORATE RECORD

5205 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

WITHROW, MARK L  
VICE PRESIDENT AND SECRETARY  
(OFFICER)  
5205 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

KAMRADT, CURT  
VICE PRESIDENT  
(OFFICER)  
5205 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

Number: 01452778-00

## History:

Date	Transaction
-----	-----
10/16/1998	CHANGE OF REGISTERED AGENT
11/10/1998	PUBLIC INFORMATION REPORT FILED
12/17/1998	MERGER

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TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: HUGOTON CAPITAL CORPORATION

Doing Business As: HUGOTON CAPITAL CORPORATION OF TEXAS

Principal Place of Business: 5205 N O CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

Principal Office: 5205 N O CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

Tax Address: 5205 N O CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

Type of Corporation: FOREIGN PROFIT

Status: DEAD

Status Comment: TERMINATION (foreign corporation, type 6 and 7 only)

Status Date: 07/27/1998

Filing Date: 05/31/1991

Duration: PERPETUAL

State of Incorporation: DELAWARE

Registered Agent: CT CORPORATION SYSTEM

Registered Office: 811 DALLAS STE. 830  
HOUSTON, TEXAS 77002

Assumed Names: HUGOTON CAPITAL CORPORATION OF TEXAS

Status: ACTIVE  
Counties: ONLY - POTTER  
Filed: 05/31/1991  
Duration: 10 YEARS  
Expiration: 05/31/2001

Parent Company: PIONEER NATURAL RESOURCES USA, INC  
State: DELAWARE  
% Owned: 100

Tax Year: 1998



## TEXAS SECRETARY OF STATE, CORPORATE RECORD

State Tax ID: 017523804866

## Officers and Directors:

BRUMLEY, JON  
PRESIDENT  
(BOTH OFFICER AND DIRECTOR)  
5205 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

FAGERSTONE, DENNIS E  
VICE PRESIDENT  
(BOTH OFFICER AND DIRECTOR)  
5205 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

Number: 00087783-06

## History:

Date	Transaction
-----	-----
05/31/1991	ASSUMED NAME ADD
05/31/1991	CERTIFICATE OF AUTHORITY
05/17/1993	PUBLIC INFORMATION REPORT FILED WITH REVISIONS
06/25/1993	PUBLIC INFORMATION REPORT FILED
08/23/1994	PUBLIC INFORMATION REPORT FILED
06/16/1995	PUBLIC INFORMATION REPORT FILED
06/16/1995	PUBLIC INFORMATION REPORT FILED
06/16/1995	PUBLIC INFORMATION REPORT FILED
06/08/1996	PUBLIC INFORMATION REPORT FILED
06/08/1996	PUBLIC INFORMATION REPORT FILED
05/18/1997	PUBLIC INFORMATION REPORT FILED
05/18/1997	PUBLIC INFORMATION REPORT FILED
07/18/1998	PUBLIC INFORMATION REPORT FILED
07/27/1998	TERMINATION

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TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: MESA INC.

Principal Place of Business: 5205 N O'CONNER BLVD STE 1400  
IRVING, TEXAS 75039

Principal Office: 5205 N O'CONNER BLVD STE 1400  
IRVING, TEXAS 75039

Tax Address: 5205 N O'CONNOR BLVD #1400  
IRVING, TEXAS 75039

Type of Corporation: DOMESTIC PROFIT

Status: DEAD

Status Comment: MERGER

Status Date: 08/07/1997

Filing Date: 08/02/1991

Duration: PERPETUAL

State of Incorporation: TEXAS

Registered Agent: C T CORP SYSTEM

Registered Office: 350 N. ST. PAUL  
DALLAS, TEXAS 75201

Survivor: PIONEER NATURAL RESOURCES COMPANY  
State: DELAWARE

Subsidiaries: MESA OPERATING CO  
State: DELAWARE  
% Owned: 100

MESA HOLDING CO  
State: DELAWARE  
% Owned: 100

Capital/Stock: 600M COM AT \$ .01; 500M P AT \$ .01

Tax Year: 1996



## TEXAS SECRETARY OF STATE, CORPORATE RECORD

State Tax ID: 017523945008

Incorporators: PAUL R. ELLIOTT, HOUSTON, TEXAS

Officers and Directors:

PICKENS, BOONE  
CHIEF EXECUTIVE OFFICER  
(BOTH OFFICER AND DIRECTOR)  
5205 N O'CONNER BLVD STE 1400  
IRVING, TEXAS 75039

FAGERSTON, DENNIS E  
VICE PRESIDENT  
(OFFICER)  
5205 N O'CONNER BLVD STE 1400  
IRVING, TEXAS 75039

LITTLEFAIR, ANDREW J  
VICE PRESIDENT  
(OFFICER)  
5205 N O'CONNER BLVD STE 1400  
IRVING, TEXAS 75039

GARDNER, STEPHEN K  
VICE PRESIDENT  
(OFFICER)  
5205 N O'CONNER BLVD STE 1400  
IRVING, TEXAS 75039

Number: 01201838-00

## History:

Date	Transaction
08/02/1991	ARTICLES OF INCORPORATION
10/08/1991	RESTATED ARTICLES WITH STOCK CHANGE PLUS ADDITIONAL CHANGES
10/10/1991	RESTATED ARTICLES CHANGE OF NON-DATA BASE DATA
12/31/1991	RESTATED ARTICLES WITH STOCK CHANGE PLUS ADDITIONAL CHANGES
05/17/1993	PUBLIC INFORMATION REPORT FILED WITH REVISIONS
11/30/1993	PUBLIC INFORMATION REPORT FILED WITH NO REVISIONS
12/13/1994	PUBLIC INFORMATION REPORT FILED
12/13/1994	PUBLIC INFORMATION REPORT FILED
12/13/1994	PUBLIC INFORMATION REPORT FILED
11/10/1995	PUBLIC INFORMATION REPORT FILED
11/10/1995	PUBLIC INFORMATION REPORT FILED
11/10/1995	PUBLIC INFORMATION REPORT FILED
11/10/1995	PUBLIC INFORMATION REPORT FILED
05/03/1996	PUBLIC INFORMATION REPORT FILED WITH REVISIONS
06/25/1996	STOCK CHANGE AMENDMENT PLUS ADDITIONAL CHANGES
01/18/1997	PUBLIC INFORMATION REPORT FILED
01/18/1997	PUBLIC INFORMATION REPORT FILED
01/18/1997	PUBLIC INFORMATION REPORT FILED
01/18/1997	PUBLIC INFORMATION REPORT FILED
04/25/1997	PUBLIC INFORMATION REPORT FILED WITH REVISIONS

TEXAS SECRETARY OF STATE, CORPORATE RECORD

08/07/1997 MERGER

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TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: MESA TRANSMISSION CO.

Principal Place of Business: 5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039-3746

Principal Office: 5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039-3746

Tax Address: 5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

Type of Corporation: FOREIGN PROFIT

Status: DEAD

Status Comment: TERMINATION (foreign corporation, type 6 and 7 only)

Status Date: 07/27/1998

Filing Date: 04/14/1981

Duration: PERPETUAL

State of Incorporation: DELAWARE

Registered Agent: CT CORPORATION SYSTEM

Registered Office: 350 N. ST. PAUL STREET  
DALLAS, TEXAS 75201

Parent Company: PIONEER NATURAL RESOURCES USA, INC  
State: DELAWARE  
% Owned: 100

Tax Year: 1998

State Tax ID: 017517475939

Officers and Directors:

BRUMLEY, I JON  
PRESIDENT  
(BOTH OFFICER AND DIRECTOR)  
5205 N OCONNOR BLVD STE 1400

FAGERSTONE, DENNIS E

## TEXAS SECRETARY OF STATE, CORPORATE RECORD

VICE PRESIDENT

(BOTH OFFICER AND DIRECTOR)

5205 N OCONNOR BLVD STE 1400

Number: 00050679-06

## History:

Date	Transaction
-----	-----
07/13/1990	CHANGE OF REGISTERED AGENT
05/17/1993	PUBLIC INFORMATION REPORT FILED WITH REVISIONS
06/25/1993	PUBLIC INFORMATION REPORT FILED
08/26/1994	PUBLIC INFORMATION REPORT FILED
06/16/1995	PUBLIC INFORMATION REPORT FILED
08/10/1996	PUBLIC INFORMATION REPORT FILED WITH NO REVISIONS
06/22/1997	PUBLIC INFORMATION REPORT FILED
06/21/1998	PUBLIC INFORMATION REPORT FILED
07/27/1998	TERMINATION
07/27/1998	TERMINATION

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## LEVEL 1 - 5 OF 77 DOCUMENTS

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## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY 81-I, LTD.

Principal Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Type of Limited Partnership: DOMESTIC LIMITED PARTNERSHIP

Status: ACTIVE

Status Date: 05/20/1981

Filing Date: 05/20/1981

State of Origin: TEXAS

Registered Agent: MARK L. WITHROW

Registered Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

General Partners: PIONEER NATURAL RESOURCES USA, INC.  
1400 WILLIAMS SQ. W, 5205 N. O'CONNOR BLVD.  
IRVING, TEXAS 75039

Number: 00023738-10

## History:

Date	Transaction
-----	-----
01/15/1997	LP CANCELEATION
04/25/1997	LP REVIVAL WITH AMENDMENTS
04/25/1997	LP REVIVAL CONTINUATION
04/25/1997	GENERAL PARTNER AMENDMENT
04/27/1998	GENERAL PARTNER AMENDMENT

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## LEVEL 1 - 6 OF 77 DOCUMENTS

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## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY 81-II, LTD.

Principal Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Type of Limited Partnership: DOMESTIC LIMITED PARTNERSHIP

Status: ACTIVE

Status Date: 08/03/1981

Filing Date: 08/03/1981

State of Origin: TEXAS

Registered Agent: MARK L. WITHROW

Registered Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

General Partners: PIONEER NATURAL RESOURCES USA, INC.  
1400 WILLIAMS SQ., W, 5205 N. O'CONNOR BLVD.  
IRVING, TEXAS 75039

Number: 00024510-10

## History:

Date	Transaction
01/15/1997	LP CANCELEATION
04/25/1997	LP REVIVAL WITH AMENDMENTS
04/25/1997	LP REVIVAL CONTINUATION
04/25/1997	GENERAL PARTNER AMENDMENT
04/27/1998	GENERAL PARTNER AMENDMENT

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## LEVEL 1 - 7 OF 77 DOCUMENTS

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BE  
OBTAINED THROUGH THE OFFICE OF THE SOUTH DAKOTA SECRETARY OF STATE \*\*\*

## SOUTH DAKOTA SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY PETROLEUM USA, INC.

Business Address: C/O CORPORATION TRUST COMPANY ; 1209 ORANGE ST  
WILMINGTON, DE 19801

Type: CORPORATION (PROFIT)

Status: MERGED

Filing Date: 3/23/1995

Duration: PERPETUAL

State of Incorporation: DELAWARE

Registered Agent: CT CORPORATION SYSTEM

Registered Office: 319 S COTEAU ST  
PIERRE, SD 57501-3108

Number: FB017740

## Stock:

Type of Stock: COMMON  
Value of Stock: \$ 10  
Authorized Quantity: 1000  
Par Value: \$ 0.0100  
Convert Common Stock: NO

## History:

DATE	TYPE	COMMENT
9/24/1997	MISCELLANEOUS	MERGED INTO PIONEER NATURAL RESOURCES USA NOT QUALIFIED
4/14/1997	MISCELLANEOUS	ANNUAL REPORT FILED
5/16/1996	MISCELLANEOUS	ANNUAL REPORT FILED

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## LEVEL 1 - 8 OF 77 DOCUMENTS

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## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY 82-I, LTD.

Principal Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Type of Limited Partnership: DOMESTIC LIMITED PARTNERSHIP

Status: ACTIVE

Status Date: 02/03/1982

Filing Date: 02/03/1982

State of Origin: TEXAS

Registered Agent: MARK L. WITHROW

Registered Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

General Partners: PIONEER NATURAL RESOURCES USA, INC.  
1400 WILLIAMS SQ. W, 5205 N. O'CONNOR BLVD.  
IRVING, TEXAS 75039

Number: 00026724-10

## History:

Date	Transaction
-----	-----
03/05/1997	LP CANCELEATION
04/25/1997	LP REVIVAL WITH AMENDMENTS
04/25/1997	LP REVIVAL CONTINUATION
04/25/1997	GENERAL PARTNER AMENDMENT
04/27/1998	GENERAL PARTNER AMENDMENT

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## LEVEL 1 - 9 OF 77 DOCUMENTS

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## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY 82-II, LTD.

Principal Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Type of Limited Partnership: DOMESTIC LIMITED PARTNERSHIP

Status: ACTIVE

Status Date: 06/03/1982

Filing Date: 06/03/1982

State of Origin: TEXAS

Registered Agent: MARK L. WITHROW

Registered Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

General Partners: PIONEER NATURAL RESOURCES USA, INC.  
1400 WILLIAMS SQ., W, 5205 N. O'CONNOR BLVD.  
IRVING, TEXAS 75039

Number: 00027907-10

## History:

Date	Transaction
-----	-----
03/19/1997	LP CANCELEATION
04/25/1997	LP REVIVAL WITH AMENDMENTS
04/25/1997	LP REVIVAL CONTINUATION
04/25/1997	GENERAL PARTNER AMENDMENT
04/27/1998	GENERAL PARTNER AMENDMENT

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## LEVEL 1 - 10 OF 77 DOCUMENTS

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## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY 82-III, LTD.

Principal Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Type of Limited Partnership: DOMESTIC LIMITED PARTNERSHIP

Status: ACTIVE

Status Date: 10/19/1982

Filing Date: 10/19/1982

State of Origin: TEXAS

Registered Agent: MARK L. WITHROW

Registered Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

General Partners: PIONEER NATURAL RESOURCES USA, INC.  
1400 WILLIAMS SQ., W, 5205 N. O'CONNOR BLVD.  
IRVING, TEXAS 75039

Number: 00029392-10

## History:

Date	Transaction
03/19/1997	LP CANCELEATION
04/25/1997	LP REVIVAL WITH AMENDMENTS
04/25/1997	LP REVIVAL CONTINUATION
04/25/1997	GENERAL PARTNER AMENDMENT
04/27/1998	GENERAL PARTNER AMENDMENT

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## LEVEL 1 - 11 OF 77 DOCUMENTS

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## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY 83-A, LTD.

Principal Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Type of Limited Partnership: DOMESTIC LIMITED PARTNERSHIP

Status: ACTIVE

Status Date: 04/25/1983

Filing Date: 04/25/1983

State of Origin: TEXAS

Registered Agent: MARK L. WITHROW

Registered Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

General Partners: PIONEER NATURAL RESOURCES USA, INC.  
1400 WILLIAMS SQ., W., 5205 N. O'CONNOR BLVD  
IRVING, TEXAS 75039

Number: 00031889-10

## History:

Date	Transaction
-----	-----
03/19/1997	LP CANCELEATION
04/25/1997	LP REVIVAL WITH AMENDMENTS
04/25/1997	LP REVIVAL CONTINUATION
04/25/1997	GENERAL PARTNER AMENDMENT
04/27/1998	GENERAL PARTNER AMENDMENT

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## LEVEL 1 - 12 OF 77 DOCUMENTS

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## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY 83-B, LTD.

Principal Office: 303 W. WALL ST., STE. 101  
MIDLAND, TEXAS 79701

Type of Limited Partnership: DOMESTIC LIMITED PARTNERSHIP

Status: ACTIVE

Status Date: 07/12/1983

Filing Date: 07/12/1983

State of Origin: TEXAS

Registered Agent: MARK L. WITHROW

Registered Office: 303 W. WALL ST., STE. 101  
MIDLAND, TEXAS 79701

General Partners: PIONEER NATURAL RESOURCES USA, INC.  
1400 WILLIAMS SQ., W., 5205 N. O'CONNOR BLVD.  
IRVING, TEXAS 75039

Number: 00032842-10

## History:

Date	Transaction
04/25/1997	GENERAL PARTNER AMENDMENT
04/27/1998	GENERAL PARTNER AMENDMENT

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## LEVEL 1 - 13 OF 77 DOCUMENTS

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## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY 84-A, LTD.

Principal Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Type of Limited Partnership: DOMESTIC LIMITED PARTNERSHIP

Status: ACTIVE

Status Date: 05/07/1984

Filing Date: 05/07/1984

State of Origin: TEXAS

Registered Agent: MARK L. WITHROW

Registered Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

General Partners: PIONEER NATURAL RESOURCES USA, INC.  
1400 WILLIAMS SQ., W., 5205 N. O'CONNOR BLVD.  
IRVING, TEXAS 75039

Number: 00037420-10

## History:

Date	Transaction
04/25/1997	GENERAL PARTNER AMENDMENT
04/27/1998	GENERAL PARTNER AMENDMENT

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## LEVEL 1 - 14 OF 77 DOCUMENTS

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## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY PRIVATE INVESTMENT 85-A, LTD.

Principal Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Type of Limited Partnership: DOMESTIC LIMITED PARTNERSHIP

Status: ACTIVE

Status Date: 06/13/1985

Filing Date: 06/13/1985

State of Origin: TEXAS

Registered Agent: MARK L. WITHROW

Registered Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

General Partners: PIONEER NATURAL RESOURCES USA, INC.  
1400 WILLIAMS SQ., W., 5205 N. O'CONNOR BLVD  
IRVING, TEXAS 75039

Number: 00043053-10

## History:

Date	Transaction
04/25/1997	GENERAL PARTNER AMENDMENT
04/27/1998	GENERAL PARTNER AMENDMENT

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## LEVEL 1 - 15 OF 77 DOCUMENTS

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## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY 85-A, LTD.

Principal Office: 303 WEST WALL STREET, STE. 101  
MIDLAND, TEXAS 79701

Type of Limited Partnership: DOMESTIC LIMITED PARTNERSHIP

Status: ACTIVE

Status Date: 07/24/1985

Filing Date: 07/24/1985

State of Origin: TEXAS

Registered Agent: MARK L. WITHROW

Registered Office: 303 WEST WALL STREET, STE. 101  
MIDLAND, TEXAS 79701

General Partners: PIONEER NATURAL RESOURCES USA, INC.  
1400 WILLIAMS SQ., W., 5205 N. O'CONNOR BLVD  
IRVING, TEXAS 75039

Number: 00043613-10

## History:

Date	Transaction
04/25/1997	GENERAL PARTNER AMENDMENT
04/27/1998	GENERAL PARTNER AMENDMENT

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## LEVEL 1 - 16 OF 77 DOCUMENTS

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## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY SELECTED 85 PRIVATE INVESTMENT, LTD.

Principal Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Type of Limited Partnership: DOMESTIC LIMITED PARTNERSHIP

Status: ACTIVE

Status Date: 11/01/1985

Filing Date: 11/01/1985

State of Origin: TEXAS

Registered Agent: MARK L. WITHROW

Registered Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

General Partners: PIONEER NATURAL RESOURCES USA, INC.  
1400 WILLIAMS SQ., W., 5205 N. O'CONNOR BLVD  
IRVING, TEXAS 75039

Number: 00044658-10

## History:

Date	Transaction
04/25/1997	GENERAL PARTNER AMENDMENT
04/27/1998	GENERAL PARTNER AMENDMENT

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## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY 85-B, LTD.

Principal Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Type of Limited Partnership: DOMESTIC LIMITED PARTNERSHIP

Status: ACTIVE

Status Date: 11/12/1985

Filing Date: 11/12/1985

State of Origin: TEXAS

Registered Agent: MARK L. WITHROW

Registered Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

General Partners: PIONEER NATURAL RESOURCES USA, INC.  
1400 WILLIAM SQ., W., 5205 N. O'CONNOR BLVD.  
IRVING, TEXAS 75039

Number: 00044844-10

## History:

Date	Transaction
04/25/1997	GENERAL PARTNER AMENDMENT
04/27/1998	GENERAL PARTNER AMENDMENT

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## LEVEL 1 - 18 OF 77 DOCUMENTS

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## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY 86-A, LTD.

Principal Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Type of Limited Partnership: DOMESTIC LIMITED PARTNERSHIP

Status: ACTIVE

Status Date: 03/27/1986

Filing Date: 03/27/1986

State of Origin: TEXAS

Registered Agent: MARK L. WITHROW

Registered Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

General Partners: PIONEER NATURAL RESOURCES USA, INC.  
1400 WILLIAMS SQ., W., 5205 N. O'CONNOR BLVD.  
IRVING, TEXAS 75039

Number: 00046532-10

## History:

Date	Transaction
04/25/1997	GENERAL PARTNER AMENDMENT
04/27/1998	GENERAL PARTNER AMENDMENT

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## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY 86-B, LTD.

Principal Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Type of Limited Partnership: DOMESTIC LIMITED PARTNERSHIP

Status: ACTIVE

Status Date: 07/30/1986

Filing Date: 07/30/1986

State of Origin: TEXAS

Registered Agent: MARK L. WITHROW

Registered Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

General Partners: PIONEER NATURAL RESOURCES USA, INC.  
1400 WILLIAMS SQ.W., 5205 N. O'CONNOR BLVD.  
IRVING, TEXAS 75039

Number: 00047414-10

## History:

Date	Transaction
04/25/1997	GENERAL PARTNER AMENDMENT
04/27/1998	GENERAL PARTNER AMENDMENT

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## LEVEL 1 - 20 OF 77 DOCUMENTS

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## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY PRIVATE INVESTMENT 86, LTD.

Principal Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Type of Limited Partnership: DOMESTIC LIMITED PARTNERSHIP

Status: ACTIVE

Status Date: 07/28/1986

Filing Date: 07/28/1986

State of Origin: TEXAS

Registered Agent: MARK L. WITHROW

Registered Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

General Partners: PIONEER NATURAL RESOURCES USA, INC.  
1400 WILLIAMS SQ., W., 5205 N. O'CONNOR BLVD  
IRVING, TEXAS 75039

Number: 00047431-10

## History:

Date	Transaction
04/25/1997	GENERAL PARTNER AMENDMENT
04/27/1998	GENERAL PARTNER AMENDMENT

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## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY 86-C, LTD.

Principal Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Type of Limited Partnership: DOMESTIC LIMITED PARTNERSHIP

Status: ACTIVE

Status Date: 10/31/1986

Filing Date: 10/31/1986

State of Origin: TEXAS

Registered Agent: MARK L. WITHROW

Registered Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

General Partners: PIONEER NATURAL RESOURCES USA, INC.  
1400 WILLIAMS SQ., W., 5205 N. O'CONNOR BLVD  
IRVING, TEXAS 75039

Number: 00048010-10

## History:

Date	Transaction
04/25/1997	GENERAL PARTNER AMENDMENT
04/27/1998	GENERAL PARTNER AMENDMENT

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## LEVEL 1 - 22 OF 77 DOCUMENTS

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## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY PRODUCING PROPERTIES 87-A, LTD.

Principal Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Type of Limited Partnership: DOMESTIC LIMITED PARTNERSHIP

Status: ACTIVE

Status Date: 02/23/1987

Filing Date: 02/23/1987

Adoption Date: 10/01/1987

State of Origin: TEXAS

Registered Agent: MARK L. WITHROW

Registered Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

General Partners: PIONEER NATURAL RESOURCES USA, INC.  
1400 WILLIAMS SQ., W., 5205 N. O'CONNOR BLVD  
IRVING, TEXAS 75039

Number: 00048972-10

## History:

Date	Transaction
04/25/1997	GENERAL PARTNER AMENDMENT
04/27/1998	GENERAL PARTNER AMENDMENT

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## LEVEL 1 - 23 OF 77 DOCUMENTS

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## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY 87-A, LTD.

Principal Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Type of Limited Partnership: DOMESTIC LIMITED PARTNERSHIP

Status: ACTIVE

Status Date: 05/04/1987

Filing Date: 05/04/1987

Adoption Date: 11/25/1987

State of Origin: TEXAS

Registered Agent: MARK L. WITHROW

Registered Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

General Partners: PIONEER NATURAL RESOURCES USA, INC.  
1400 WILLIAMS SQ., W., 5205 N. O'CONNOR BLVD  
IRVING, TEXAS 75039

Number: 00049385-10

## History:

Date	Transaction
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04/25/1997	GENERAL PARTNER AMENDMENT
04/27/1998	GENERAL PARTNER AMENDMENT

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## LEVEL 1 - 24 OF 77 DOCUMENTS

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## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY 87-B, LTD.

Principal Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Type of Limited Partnership: DOMESTIC LIMITED PARTNERSHIP

Status: ACTIVE

Status Date: 11/25/1987

Filing Date: 11/25/1987

State of Origin: TEXAS

Registered Agent: MARK L. WITHROW

Registered Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

General Partners: PIONEER NATURAL RESOURCES USA, INC.  
1400 WILLIAMS SQ., W., 5205 N. O'CONNOR BLVD  
IRVING, TEXAS 75039

Number: 00051498-10

## History:

Date	Transaction
04/25/1997	GENERAL PARTNER AMENDMENT
04/27/1998	GENERAL PARTNER AMENDMENT

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## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY PRODUCING PROPERTIES 87-B, LTD.

Principal Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Type of Limited Partnership: DOMESTIC LIMITED PARTNERSHIP

Status: ACTIVE

Status Date: 12/31/1987

Filing Date: 12/31/1987

State of Origin: TEXAS

Registered Agent: MARK L. WITHROW

Registered Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

General Partners: PIONEER NATURAL RESOURCES USA, INC.  
1400 WILLIAMS SQ., W., 5205 N. O'CONNOR BLVD  
IRVING, TEXAS 75039

Number: 00051739-10

## History:

Date	Transaction
-----	-----
04/25/1997	GENERAL PARTNER AMENDMENT
04/27/1998	GENERAL PARTNER AMENDMENT
04/27/1998	GENERAL PARTNER AMENDMENT

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## LEVEL 1 - 26 OF 77 DOCUMENTS

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## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY PRIVATE INVESTMENT 87 LTD.

Principal Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Type of Limited Partnership: DOMESTIC LIMITED PARTNERSHIP

Status: ACTIVE

Status Date: 12/27/1988

Filing Date: 12/27/1988

State of Origin: TEXAS

Registered Agent: MARK L. WITHROW

Registered Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

General Partners: PIONEER NATURAL RESOURCES USA, INC.  
1400 WILLIAMS SQ., W., 5205 N. O'CONNOR BLVD  
IRVING, TEXAS 75039

Number: 00054287-10

## History:

Date	Transaction
04/25/1997	GENERAL PARTNER AMENDMENT
04/27/1998	GENERAL PARTNER AMENDMENT

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## LEVEL 1 - 27 OF 77 DOCUMENTS

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## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY 87-A CONV., LTD.

Principal Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Type of Limited Partnership: DOMESTIC LIMITED PARTNERSHIP

Status: ACTIVE

Status Date: 12/27/1988

Filing Date: 12/27/1988

State of Origin: TEXAS

Registered Agent: MARK L. WITHROW

Registered Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

General Partners: PIONEER NATURAL RESOURCES USA, INC.  
1400 WILLIAMS SQ., W., 5205 N. O'CONNOR BLVD  
IRVING, TEXAS 75039

Number: 00054288-10

## History:

Date	Transaction
04/25/1997	GENERAL PARTNER AMENDMENT
04/27/1998	GENERAL PARTNER AMENDMENT

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## LEVEL 1 - 28 OF 77 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY BE OBTAINED THROUGH THE OFFICE OF THE TEXAS SECRETARY OF STATE AND THE TEXAS COMPTROLLER OF PUBLIC ACCOUNTS. \*\*\*

## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY 87-B CONV., LTD.

Principal Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Type of Limited Partnership: DOMESTIC LIMITED PARTNERSHIP

Status: ACTIVE

Status Date: 12/27/1988

Filing Date: 12/27/1988

State of Origin: TEXAS

Registered Agent: MARK L. WITHROW

Registered Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

General Partners: PIONEER NATURAL RESOURCES USA, INC.  
1400 WILLIAMS SQ., W., 5205 N. O'CONNOR BLVD  
IRVING, TEXAS 75039

Number: 00054289-10

## History:

Date	Transaction
04/25/1997	GENERAL PARTNER AMENDMENT
04/27/1998	GENERAL PARTNER AMENDMENT

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## LEVEL 1 - 29 OF 77 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY BE OBTAINED THROUGH THE OFFICE OF THE TEXAS SECRETARY OF STATE AND THE TEXAS COMPTROLLER OF PUBLIC ACCOUNTS. \*\*\*

## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY DEVELOPMENT L.P.

Principal Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Type of Limited Partnership: DOMESTIC LIMITED PARTNERSHIP

Status: DEAD

Status Comment: MERGER

Status Date: 08/08/1997

Filing Date: 07/29/1993

State of Origin: TEXAS

Registered Agent: PARKER & PARSLEY PETROLEUM USA, INC

Registered Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Survivor: PIONEER NATURAL RESOURCES USA, INC. (A DELAWARE NO PERMIT)  
State: DELAWARE

Prior Names: MIDPAR L.P.  
Changed: 12/28/1994

General Partners: PARKER & PARSLEY OIL & GAS COMPANY  
303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Number: 00069498-10

## History:

Date	Transaction
-----	-----
07/29/1993	DOMESTIC LIMITED PARTNERSHIP NEW ARTICLES
07/29/1993	GENERAL PARTNER INFORMATION FILED
12/28/1994	LP MERGER WITH NAME CHANGE EFFECTIVE: 12/31/1994, 11:59 PM
08/08/1997	LP MERGER
07/29/1993	REVERSE MERGER MAINTENANCE
08/08/1997	LP MERGER

TEXAS SECRETARY OF STATE, CORPORATE RECORD

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## LEVEL 1 - 30 OF 77 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY BE OBTAINED THROUGH THE OFFICE OF THE TEXAS SECRETARY OF STATE AND THE TEXAS COMPTROLLER OF PUBLIC ACCOUNTS. \*\*\*

## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY 1994 DIRECT INVESTMENT PROGRAM, LTD.

Principal Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Type of Limited Partnership: DOMESTIC LIMITED PARTNERSHIP

Status: ACTIVE

Status Date: 03/17/1994

Filing Date: 03/17/1994

State of Origin: TEXAS

Registered Agent: PIONEER NATURAL RESOURCES USA, INC.

Registered Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

General Partners: PARKER & PARSLEY DEVELOPMENT COMPA+  
303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Number: 00073488-10

## History:

Date	Transaction
03/17/1994	DOMESTIC LIMITED PARTNERSHIP NEW ARTICLES
03/17/1994	GENERAL PARTNER INFORMATION FILED

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LEVEL 1 - 31 OF 77 DOCUMENTS

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TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY GAS PROCESSING CO.

Principal Place of Business: 5025 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

Principal Office: 5025 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

Tax Address: 5025 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

Type of Corporation: FOREIGN PROFIT

Status: ACTIVE

Standing from Comptrollers Office: IN GOOD STANDING BUT NOT FOR DISSOLUTION

Status Date: 02/12/1991

Filing Date: 02/12/1991

Duration: PERPETUAL

State of Incorporation: DELAWARE

Registered Agent: SCOTT D. SHEFFIELD

Registered Office: 5205 N. O'CONNOR BLVD, STE. 1400  
IRVING, TEXAS 75039

Subsidiaries: DMLP CO.  
State: DELAWARE  
% Owned: 100

Parent Company: PIONEER NATURAL RESOURCES USA INC.  
State: DELAWARE  
% Owned: 100

Tax Year: 1998

State Tax ID: 017523621286

Officers and Directors:  
DOVE, TIMOTHY L  
PRESIDENT



## TEXAS SECRETARY OF STATE, CORPORATE RECORD

(BOTH OFFICER AND DIRECTOR)  
5205 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

PAULSEN, LARRY N  
VICE PRESIDENT  
(OFFICER)  
5205 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

WITHROW, MARK L  
VICE PRESIDENT AND SECRETARY  
(OFFICER)  
5205 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

Number: 00086514-06

## History:

Date	Transaction
-----	-----
02/12/1991	CERTIFICATE OF AUTHORITY
12/03/1993	PUBLIC INFORMATION REPORT FILED
12/03/1993	PUBLIC INFORMATION REPORT FILED
12/03/1993	PUBLIC INFORMATION REPORT FILED
12/03/1993	PUBLIC INFORMATION REPORT FILED
12/03/1993	PUBLIC INFORMATION REPORT FILED
12/03/1993	PUBLIC INFORMATION REPORT FILED
12/03/1993	PUBLIC INFORMATION REPORT FILED
12/03/1993	PUBLIC INFORMATION REPORT FILED
12/03/1993	PUBLIC INFORMATION REPORT FILED
12/03/1993	PUBLIC INFORMATION REPORT FILED
11/17/1994	CHANGE OF REGISTERED AGENT
12/09/1994	PUBLIC INFORMATION REPORT FILED
12/09/1994	PUBLIC INFORMATION REPORT FILED
12/09/1994	PUBLIC INFORMATION REPORT FILED
12/09/1994	PUBLIC INFORMATION REPORT FILED
12/09/1994	PUBLIC INFORMATION REPORT FILED
12/09/1994	PUBLIC INFORMATION REPORT FILED
	PUBLIC INFORMATION REPORT FILED WITH REVISIONS
01/28/1997	PUBLIC INFORMATION REPORT FILED
01/28/1997	PUBLIC INFORMATION REPORT FILED
01/28/1997	PUBLIC INFORMATION REPORT FILED
01/28/1997	PUBLIC INFORMATION REPORT FILED
01/28/1997	PUBLIC INFORMATION REPORT FILED
10/12/1998	CHANGE OF REGISTERED AGENT
11/21/1998	PUBLIC INFORMATION REPORT FILED
11/21/1998	PUBLIC INFORMATION REPORT FILED
11/21/1998	PUBLIC INFORMATION REPORT FILED

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LEVEL 1 - 32 OF 77 DOCUMENTS

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TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PARKER & PARSLEY ENERGY TRADING COMPANY

Principal Place of Business: 5205 N O'CONNOR BLVD SUITE 1400  
IRVING, TEXAS 75039

Principal Office: 5205 N O'CONNOR BLVD SUITE 1400  
IRVING, TEXAS 75039

Tax Address: 5205 N O'CONNOR BLVD SUITE 1400  
IRVING, TEXAS 75039

Type of Corporation: FOREIGN PROFIT

Status: ACTIVE

Standing from Comptrollers Office: IN GOOD STANDING BUT NOT FOR DISSOLUTION

Status Date: 02/04/1991

Filing Date: 02/04/1991

Duration: PERPETUAL

State of Incorporation: DELAWARE

Registered Agent: SCOTT D. SHEFFIELD

Registered Office: 5205 N. O'CONNER BLVD, STE. 1400  
IRVING, TEXAS 75039

Prior Names: MMC ACQUISITION CORPORATION  
Changed: 02/22/1991

MIDLAND MARKETING CORPORATION  
Changed: 04/25/1995

P&P ENERGY TRADING COMPANY  
Changed: 04/18/1996

Parent Company: PIONEER NATURAL RESOURCES USA, INC.  
State: DELAWARE  
% Owned: 100

Tax Year: 1998



## TEXAS SECRETARY OF STATE, CORPORATE RECORD

State Tax ID: 017522555113

## Officers and Directors:

SHEFFIELD, SCOTT D  
PRESIDENT  
(BOTH OFFICER AND DIRECTOR)  
5205 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

DOVE, TIMOTHY L  
VICE PRESIDENT  
(BOTH OFFICER AND DIRECTOR)  
5205 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

WITHROW, MARK L  
VICE PRESIDENT AND SECRETARY  
(OFFICER)  
5205 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

Number: 00086569-06

## History:

Date	Transaction
-----	-----
02/04/1991	CERTIFICATE OF AUTHORITY
02/19/1991	MERGER
02/22/1991	AMENDED CERTIFICATE OF AUTHORITY
11/17/1994	CHANGE OF REGISTERED AGENT
04/25/1995	AMENDED CERTIFICATE OF AUTHORITY
04/18/1996	AMENDED CERTIFICATE OF AUTHORITY
10/12/1998	CHANGE OF REGISTERED AGENT
11/23/1998	PUBLIC INFORMATION REPORT FILED

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LEVEL 1 - 33 OF 77 DOCUMENTS

\*\*\*THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY BE OBTAINED THROUGH THE OFFICE OF THE COLORADO DEPARTMENT OF STATE.\*\*\*

COLORADO DEPARTMENT OF STATE, CORPORATE/LTD PARTNERSHIP RECORD

NAME: PARKER & PARSLEY ENERGY TRADING COMPANY

TYPE: FOREIGN PROFIT (OUTSIDE COLORADO)

STATUS: MERGED

STATUS-DATE: 04/01/2000 DATE RECORDS WILL BE PURGED FROM SYSTEM

FILING-DATE: 02/11/1991

DURATION: PERPETUAL

STATE OF INCORPORATION: DELAWARE

ADDRESS: 303 W WALL STE 101  
DENVER, CO 80202

REGISTERED AGENT: CORPORATION COMPANY (THE)

CURRENT AGENT APPOINTED: 09/01/1993

REGISTERED OFFICE: 1675 BROADWAY  
DENVER, CO 80202

ANNUAL-REPORT:

CURRENT REPORT/NO:

PRIOR REPORT/NO: 04/15/1997 19971059923

PRIOR REPORT/NO: 05/02/1995 19951059053

NUMBER: 19911008511

OFFICERS:

WITHROW MARK L  
SECRETARY  
303 W WALL STE 101  
MIDLAND, TX 79701

BEAL STEVEN L  
TREASURER  
303 W WALL STE 101  
MIDLAND, TX 79701

SHEFFIELD SCOTT D  
PRESIDENT



## COLORADO DEPARTMENT OF STATE, CORPORATE/LTD PARTNERSHIP RECORD

303 W WALL STE 101  
MIDLAND, TX 79701

KAMRADT CURT F  
ASSISTANT TREASURER  
303 W WALL STE 101  
MIDLAND, TX 79701

COPELAND DAVID W  
VICE PRESIDENT/SECRETARY  
303 W WALL STE 101  
MIDLAND, TX 79701

## DIRECTORS:

SHEFFIELD SCOTT D  
303 W WALL STE 101  
MIDLAND, TX 79701

LEACH TIMOTHY A  
303 W WALL STE 101  
MIDLAND, TX 79701

DOVE TIMOTHY L  
303 W WALL STE 101  
MIDLAND, TX 79701

## HISTORY:

1. DATE: 02/11/1991  
TRANSACTION: FOREIGN CERTIFICATE OF AUTHORITY  
COMMENT: MMC ACQUISITION CORPORATION...  
DOCUMENT NO: 19911008511
2. DATE: 02/21/1991  
TRANSACTION: SURVIVING CORPORATION IN A MERGER  
COMMENT: MIDLAND MARKETING CORPORATION\*\*...  
DOCUMENT NO: 19911010847
3. DATE: 02/21/1991  
TRANSACTION: CORPORATION HAS CHANGED ITS NAME  
COMMENT: MMC ACQUISITION CORPORATION...  
DOCUMENT NO: 19911010847
4. DATE: 01/19/1993  
TRANSACTION: REPORT  
COMMENT: CR - 02/01/93 - 04/30/93...
5. DATE: 09/01/1993  
TRANSACTION: ARTICLES OF AMENDMENT  
COMMENT: DF1...  
DOCUMENT NO: 19931104059
6. DATE: 01/17/1995

## COLORADO DEPARTMENT OF STATE, CORPORATE/LTD PARTNERSHIP RECORD

TRANSACTION: REPORT  
COMMENT: CR - 02/01/95 - 04/30/95...

7. DATE: 04/26/1995  
TRANSACTION: CORPORATION HAS CHANGED ITS NAME  
COMMENT: MIDLAND MARKETING CORPORATION...  
DOCUMENT NO: 19951056061
8. DATE: 04/19/1996  
TRANSACTION: CORPORATION HAS CHANGED ITS NAME  
COMMENT: P&P ENERGY TRADING COMPANY...  
DOCUMENT NO: 19961054068
9. DATE: 01/21/1997  
TRANSACTION: REPORT  
COMMENT: CR - 02/01/97 - 04/30/97...
10. DATE: 04/30/1993  
TRANSACTION: REPORT  
COMMENT: CORP REPORT...  
DOCUMENT NO: 19931047218
11. DATE: 01/14/1999  
TRANSACTION: REPORT  
COMMENT: CR - 02/01/1999 - 04/30/1999...
12. DATE: 03/05/1999  
TRANSACTION: CORPORATION HAS MERGED INTO ANOTHER CORPORATION  
COMMENT: PIONEER NATURAL RESOURCES USA INC (SURVIVOR)...  
DOCUMENT NO: 19991042050

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LEVEL 1 - 59 OF 77 DOCUMENTS

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KANSAS SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES COMPANY

Mailing Address: 1400 WILLIAMS SQUARE WEST ; 5205 N. O'CONNOR BLVD.  
IRVING, TX 75039

Type: CORPORATION (PROFIT)

Status: ACTIVE & IN GOOD STANDING

Filing Date: 12/29/1997

Duration: PERPETUAL

State of Incorporation: DELAWARE

Date of Incorporation: 12/29/1997

Registered Agent: THE CORPORATION COMPANY, INC.

Registered Office: 515 S KANSAS AVE  
TOPEKA, KS 66603

Additional Information: ANNUAL REPORT EXTENSION DATE: 1999/10/15

Number: 2558765

Annual Report:  
Report Due Date: 4/15/1999

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## LEVEL 1 - 60 OF 77 DOCUMENTS

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## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES USA, INC.

Type of Corporation: FOREIGN PROFIT

Status: ACTIVE

Standing from Comptrollers Office: IN GOOD STANDING BUT NOT FOR DISSOLUTION

Status Date: 01/08/1998

Filing Date: 01/08/1998

Duration: PERPETUAL

State of Incorporation: DELAWARE

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 350 N ST PAUL ST  
DALLAS, TEXAS 75201

Number: 00118898-06

## History:

Date	Transaction
-----	-----
01/08/1998	CERTIFICATE OF AUTHORITY

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LEVEL 1 - 61 OF 77 DOCUMENTS

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OBTAINED THROUGH THE OFFICE OF THE KANSAS SECRETARY OF STATE \*\*\*

KANSAS SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES USA, INC.

Mailing Address: 5205 N. O'CONNOR BLVD. ; SUITE 1400  
IRVING, TX 75039

Type: CORPORATION (PROFIT)

Status: ACTIVE & IN GOOD STANDING

Filing Date: 3/6/1998

Duration: PERPETUAL

State of Incorporation: DELAWARE

Date of Incorporation: 3/6/1998

Registered Agent: THE CORPORATION COMPANY, INC.

Registered Office: 515 S KANSAS AVE  
TOPEKA, KS 66603

Additional Information: ANNUAL REPORT EXTENSION DATE: 1999/10/15

Number: 2565216

Annual Report:

Report Due Date: 4/15/1999

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LEVEL 1 - 62 OF 77 DOCUMENTS

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LOUISIANA SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES COMPANY

Mailing Address: 8550 UNITED PLAZA BLVD.  
BATON ROUGE, LA

Type: RESERVED NAME

Filing Date: 4/4/1997

Expiration Date: 6/3/1997

Additional Information: RESERVATION TYPE: CORPORATION NAME; NAME RESERVED  
BY: C T CORPORATION SYSTEM

Number: 970941525

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LEVEL 1 - 63 OF 77 DOCUMENTS

\*\*\*THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY BE OBTAINED THROUGH THE OFFICE OF THE COLORADO DEPARTMENT OF STATE.\*\*\*

COLORADO DEPARTMENT OF STATE, CORPORATE/LTD PARTNERSHIP RECORD

NAME: PIONEER NATURAL RESOURCES USA, INC.

TYPE: FOREIGN PROFIT (OUTSIDE COLORADO)

STATUS: MERGED

STATUS-DATE: 03/01/1999 DATE RECORDS WILL BE PURGED FROM SYSTEM

FILING-DATE: 01/25/1994

DURATION: PERPETUAL

STATE OF INCORPORATION: DELAWARE

ADDRESS: 5205 N O'CONNOR BLVD STE 1400  
DENVER, CO 80202

REGISTERED AGENT: CORPORATION COMPANY (THE)

REGISTERED OFFICE: 1675 BROADWAY  
DENVER, CO 80202

ANNUAL-REPORT:

CURRENT REPORT/NO:

PRIOR REPORT/NO: 03/27/1996 19961043343

NUMBER: 19941008869

OFFICERS:

CAIN PAUL W  
PRESIDENT  
5205 N O'CONNOR BLVD #1400  
IRVING, TX 75039

FAGERSTONE DENNIS E  
VICE PRESIDENT  
5205 N O'CONNOR BLVD #1400  
IRVING, TX 75039

PRESCOTT G MICHAEL III  
SECRETARY  
5205 N O'CONNOR BLVD #1400  
IRVING, TX 75039

## COLORADO DEPARTMENT OF STATE, CORPORATE/LTD PARTNERSHIP RECORD

## DIRECTORS:

CAIN PAUL W  
5205 N O'CONNOR BLVD #1400  
IRVING, TX 75039

PICKENS BOONE  
5205 N O'CONNOR BLVD #1400  
IRVING, TX 75039

## HISTORY:

1. DATE: 01/25/1994  
TRANSACTION: FOREIGN CERTIFICATE OF AUTHORITY  
COMMENT: MESA OPERATING CO....  
DOCUMENT NO: 19941008869
2. DATE: 12/19/1995  
TRANSACTION: REPORT  
COMMENT: CR - 01/01/96 - 03/31/96...
3. DATE: 09/05/1997  
TRANSACTION: CORPORATION HAS CHANGED ITS NAME  
COMMENT: MESA OPERATING CO....  
DOCUMENT NO: 19971141620
4. DATE: 09/24/1997  
TRANSACTION: SURVIVING CORPORATION IN A MERGER  
COMMENT: PARKER & PARSLEY PETROLEUM USA, INC. (NONSURVIVOR)...  
DOCUMENT NO: 19971152852
5. DATE: 12/17/1997  
TRANSACTION: REPORT  
COMMENT: CR - 01/01/1998 - 03/31/1998...
6. DATE: 02/27/1998  
TRANSACTION: CORPORATION HAS MERGED INTO ANOTHER CORPORATION  
COMMENT: PIONEER NEWSUB1, INC. (SURVIVOR/NOT QUALIFIED)...  
DOCUMENT NO: 19981038197

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COLORADO DEPARTMENT OF STATE, CORPORATE/LTD PARTNERSHIP RECORD

NAME: PIONEER NATURAL RESOURCES USA, INC.

TYPE: FOREIGN PROFIT (OUTSIDE COLORADO)

STATUS: IN GOOD STANDING

FILING-DATE: 02/27/1998

DURATION: PERPETUAL

STATE OF INCORPORATION: DELAWARE

ADDRESS: 5205 N OCONNOR BLVD STE 1400  
DENVER, CO 80202

REGISTERED AGENT: CORPORATION COMPANY (THE)

REGISTERED OFFICE: 1675 BROADWAY  
DENVER, CO 80202

ANNUAL-REPORT:

CURRENT REPORT/NO:

NUMBER: 19981038198

OFFICERS:

SHEFFIELD SCOTT D  
PRESIDENT  
5205 N OCONNOR BLVD  
IRVING, TX 75039

DOVE TIMOTHY L  
VICE PRESIDENT  
5205 N OCONNOR BLVD  
IRVING, TX 75039

WITHROW MARK L  
VICE PRESIDENT/SECRETARY  
5205 N OCONNOR BLVD  
IRVING, TX 75039

DIRECTORS:

SHEFFIELD SCOTT D

## COLORADO DEPARTMENT OF STATE, CORPORATE/LTD PARTNERSHIP RECORD

5205 N OCONNOR BLVD  
IRVING, TX 75039

DOVE TIMOTHY L  
5205 N OCONNOR BLVD  
IRVING, TX 75039

WITHROW MARK L  
5205 N OCONNOR BLVD  
IRVING, TX 75039

## HISTORY:

1. DATE: 02/27/1998  
TRANSACTION: FOREIGN CERTIFICATE OF AUTHORITY  
COMMENT: PIONEER NATURAL RESOURCES USA, INC....  
DOCUMENT NO: 19981038198
2. DATE: 03/05/1999  
TRANSACTION: SURVIVING CORPORATION IN A MERGER  
COMMENT: PARKER & PARSLEY ENERGY TRADING COMPANY (NONSURVIVOR)...  
DOCUMENT NO: 19991042050

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## LEVEL 1 - 65 OF 77 DOCUMENTS

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BE  
OBTAINED THROUGH THE OFFICE OF THE LOUISIANA SECRETARY OF STATE \*\*\*

## LOUISIANA SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES USA, INC.

Mailing Address: 5205 N. O'CONNOR BLVD., STE. 1400; WILLIAMS SQUARE WEST  
IRVING, TX 75039

Type: CORPORATION (PROFIT)

Status: ACTIVE

Filing Date: 1/12/1998

State of Incorporation: DELAWARE

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 8550 UNITED PLAZA BLVD.  
BATON ROUGE, LA 70809

Additional Information: ENTITY IS IN GOOD STANDING

FEIN: 752516853

Number: 34605304F

## Officers/Directors/Partners/Members:

SCOTT D. SHEFFIELD  
PRESIDENT/DIRECTOR  
5205 N. O'CONNOR BLVD.  
IRVING, TX 75039-3746

TIMOTHY L. DOVE  
EXECUTIVE VICE PRESIDENT/DIRECTOR  
5205 N. O'CONNOR BLVD.  
IRVING, TX 75039-3746

W. T. HOWARD  
VICE PRESIDENT/SECRETARY  
5205 N. O'CONNOR BLVD.  
IRVING, TX 75039-3746

## History:

DATE	TYPE	COMMENT
3/5/1999	MISCELLANEOUS	MERGER; FOR ADD'L DETAILS, SEE AMENDMENT ID 34752711

LOUISIANA SECRETARY OF STATE, CORPORATE RECORD

1/14/1999 MISCELLANEOUS

99 ANNUAL REPORT FILED

5/26/1998 MISCELLANEOUS

MERGER; FOR ADD'L DETAILS, SEE  
AMENDMENT ID 34644593

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## LEVEL 1 - 66 OF 77 DOCUMENTS

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## ILLINOIS SECRETARY OF STATE, CORPORATE RECORD

NAME: PIONEER NATURAL RESOURCES USA, INC.

TYPE: FOREIGN CORPORATION

STATUS: GOOD STANDING

NOTE: Failure to timely file an annual report or pay franchise taxes may adversely affect a corporation's status. Review the "CURRENT TAX YEAR" information in the ANNUAL REPORT segment below.

DURATION: PERPETUAL

ANNIVERSARY MONTH: JANUARY

DATE OF INCORPORATION/QUALIFICATION: 01/24/1994

STATE OF INCORPORATION: DELAWARE

REGISTERED AGENT: CT CORPORATION SYSTEM

REGISTERED OFFICE: 208 SOUTH LASALLE STREET  
CHICAGO, ILL 60604-1136  
COOK COUNTY

LAST CHANGE IN REGISTERED AGENT: 01/24/1994

ANNUAL-REPORT:	PREVIOUS TAX YEAR 1998	CURRENT TAX YEAR 1999
	-----	-----
DATE ANNUAL REPORT FORM MAILED TO CORPORATION:	11/14/1997	11/13/1998
DUE DATE OF ANNUAL REPORT:	01/01/1998	01/01/1999
DATE ANNUAL REPORT FILED:	05/21/1998	01/26/1999
DATE FRANCHISE TAX PAID:	05/21/1998	01/26/1999
DATE DELINQUENCY NOTICE MAILED:	02/13/1998	
TAX FACTOR:	0.000002	0.000011
TAX AMOUNT PAID:	\$ 28.50	\$ 28.50
ANNUAL REPORT CAPITAL:	\$ 0.00	\$ 0.00
ILLINOIS CAPITAL:	\$ 0.00	\$ 0.00

PRESIDENT: S D SHEFFIELD  
5205 N O CONNOR BLVD STE 1400 IRVING TX 75039

SECRETARY: MARK L WITHROW  
SAME

## ILLINOIS SECRETARY OF STATE, CORPORATE RECORD

PRIOR-NAMES: MESA OPERATING CO.

TYPE: OLD NAME

NAME BECAME OLD: 09/05/1997

HISTORY: REGULATED BY ILLINOIS COMMERCE COMMISSION: NO

PURPOSE: ALL INCLUSIVE PURPOSE

FEIN: 752516853

CORPORATION NUMBER: 57653183

## CURRENT CAPITAL AND STOCK INFORMATION:

LAST CHANGE IN CAPITAL: 01/26/1999

TAX CAPITAL: \$ 2,022,025,120

TOTAL CAPITAL: \$ 2,022,025,120

STOCK CLASS	AUTHORIZED SHARES	SHARES ISSUED	PAR VALUE	VOTING RIGHTS
COMMON	1,000	1,000.00	0.01000	YES

CALL LEXIS DOCUMENT SERVICES FOR ALL YOUR CORPORATE NEEDS. 800-634-9738



LEVEL 1 - 67 OF 77 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY BE OBTAINED THROUGH THE OFFICE OF THE TEXAS SECRETARY OF STATE AND THE TEXAS COMPTROLLER OF PUBLIC ACCOUNTS. \*\*\*

TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER PRODUCTION CORPORATION INTERNATIONAL

Principal Place of Business: 5205 N O'CONNOR BLVD SUITE 1400  
IRVING, TEXAS 75039-3746

Principal Office: 5205 N O'CONNOR BLVD SUITE 1400  
IRVING, TEXAS 75039-3746

Tax Address: 5205 N O'CONNOR BLVD SUITE 1400  
IRVING, TEXAS 75039

Type of Corporation: DOMESTIC PROFIT

Status: DEAD

Status Comment: MERGER

Status Date: 10/20/1998

Filing Date: 02/17/1982

Duration: PERPETUAL

State of Incorporation: TEXAS

Registered Agent: C T CORPORATION SYSTEM

Registered Office: %C T CORPORATION SYSTEM, 350 N. ST. PAUL ST+  
DALLAS, TEXAS 75201

Survivor: PIONEER NATURAL RESOURCES USA, INC.  
State: DELAWARE

Parent Company: PIONEER NATURAL RESOURCES USA, INC  
State: DELAWARE  
% Owned: 100

Capital/Stock: 10,000,00 CO.1.00

Tax Year: 1998

State Tax ID: 017518038074

Incorporators: K.B. WATSON, AMARILLO, TEXAS  
C.D. CULVER, AMARILLO, TEXAS

## TEXAS SECRETARY OF STATE, CORPORATE RECORD

C.J. GHOLSON, AMRILLO, TEXAS

## Officers and Directors:

BRUMLEY, JON  
PRESIDENT  
(BOTH OFFICER AND DIRECTOR)  
5205 N. O'CONNOR BLVD SUITE 1400  
IRVING, TEXAS 75039

FAGERSTONE, DENNIS E  
SENIOR VICE PRESIDENT  
(BOTH OFFICER AND DIRECTOR)  
5205 N O'CONNOR BLVD SUITE 1400  
IRVING, TEXAS 75039

Number: 00596852-00

## History:

Date	Transaction
-----	-----
03/07/1988	CHANGE OF REGISTERED AGENT
03/02/1989	CHANGE OF REGISTERED AGENT
03/18/1991	CHANGE OF REGISTERED AGENT
07/20/1992	CHANGE OF REGISTERED AGENT
06/25/1993	PUBLIC INFORMATION REPORT FILED
09/01/1994	PUBLIC INFORMATION REPORT FILED WITH NO REVISIONS
06/16/1995	PUBLIC INFORMATION REPORT FILED
06/16/1995	PUBLIC INFORMATION REPORT FILED
08/10/1996	PUBLIC INFORMATION REPORT FILED WITH NO REVISIONS
06/22/1997	PUBLIC INFORMATION REPORT FILED
06/22/1997	PUBLIC INFORMATION REPORT FILED
06/21/1998	PUBLIC INFORMATION REPORT FILED
10/20/1998	MERGER

CALL LEXIS DOCUMENT SERVICES FOR ALL YOUR CORPORATE NEEDS. 800-634-9738



LEVEL 1 - 68 OF 77 DOCUMENTS

THIS DATA IS FOR INFORMATIONAL PURPOSES ONLY. CERTIFICATION CAN ONLY BE OBTAINED THROUGH THE OFFICE OF THE GEORGIA SECRETARY OF STATE

GEORGIA SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES USA, INC.

Mailing Address: 5205 N. O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

Type of Corporation: FOREIGN PROFIT

Status: ACTIVE-IN COMPLIANCE

Standing Status: IN GOOD STANDING

Date of Incorporation/Qualification: 01/24/1994

State of Incorporation: DELAWARE

Registered Agent: CT CORPORATION SYSTEM  
Appointed: 01/24/1994

Registered Office: 1201 PEACHTREE STREET, NE  
ATLANTA, GEORGIA 30361  
County: FULTON

Annual Report:  
LAST REPORT FILED: 04/19/1999

Officers:

SCOTT D SHEFFIELD  
CEO  
5205 N.O'CONNOR BLVD.,STE.1400  
IRVING, TEXAS 75039

M GARRETT SMITH  
CFO  
5205 N.O'CONNOR BLVD.,STE.1400  
IRVING, TEXAS 75039

MARK L WITHROW  
SEC  
5205 N.O'CONNOR BLVD.,STE.1400  
IRVING, TEXAS 75039

Corporation Number: K401623

Federal Identification Number: 752516853

GEORGIA SECRETARY OF STATE, CORPORATE RECORD

Applicant: CT CORPORATION SYSTEM

PATTIE HARDY

1201 PEACHTREE STREET, NE

ATLANTA, GEORGIA 30361

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## LEVEL 1 - 69 OF 77 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY BE OBTAINED THROUGH THE OFFICE OF THE OHIO SECRETARY OF STATE. \*\*\*

## OHIO SECRETARY OF STATE, CORPORATE RECORD

NAME: PIONEER NATURAL RESOURCES USA, INC.

TYPE: FOREIGN CORPORATION

STATUS: IN GOOD STANDING

DATE OF INCORPORATION/QUALIFICATION: 1/26/1994

MAILING ADDRESS: 5205 N O'CONNOR BLVD, #1400  
IRVING, TX 75039-3746

ADDRESS TYPE: PRINCIPAL ADDRESS

STATE OF INCORPORATION: DELAWARE

REGISTERED AGENT: R A LAWRENCE STATUS: ACTIVE

REGISTERED OFFICE: 17 S HIGH STREET  
COLUMBUS, OH 43215

TRANSACTION TYPE: FOREIGN LICENSE/FOR-PROFIT

CHARTER NUMBER: 862833

## HISTORY:

DATE	TRANSACTION	ROLL	FRAME
----	-----	----	-----
2/1/1999	AGENT NAME/ADDRESS TAX UPDATE	AGNT	PDT
1/8/1999	AGENT NAME/ADDRESS TAX UPDATE	AGNT	PDT
10/22/1997	FORM 7 NO FEE ASSESSED	1998	0900
9/5/1997	MERGER/FOREIGN	6022	0471
10/8/1996	FORM 7 NO FEE ASSESSED	5916	0785
4/3/1995	FORM 7 NO FEE ASSESSED	5251	0094
1/26/1994	FOREIGN LICENSE/FOR-PROFIT	9422	0225

EFFECTIVE	
DATE	NAME CHANGE
-----	-----
9/5/1997	MESA OPERATING CO.

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## LEVEL 1 - 70 OF 77 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY BE OBTAINED THROUGH THE OFFICE OF THE TEXAS SECRETARY OF STATE AND THE TEXAS COMPTROLLER OF PUBLIC ACCOUNTS. \*\*\*

## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES SCHOLARSHIP FOUNDATION

Type of Corporation: DOMESTIC NON-PROFIT

Status: ACTIVE

Standing from Comptrollers Office: IN GOOD STANDING

Status Date: 08/04/1992

Filing Date: 08/04/1992

Duration: PERPETUAL

State of Incorporation: TEXAS

Registered Agent: MARK L. WITHROW

Registered Office: 5205 N. O'CONNOR BLVD.  
IRVING, TEXAS 75039

Prior Names: PARKER & PARSLEY SCHOLARSHIP FOUNDATION  
Changed: 03/03/1998

Incorporators: J. MICHAEL WYLIE, DALLAS, TEXAS

Number: 01239993-01

## History:

Date	Transaction
-----	-----
08/04/1992	ARTICLES OF INCORPORATION
05/15/1996	9.01 STATEMENT FILED WITH CHANGE OF REGISTERED OFFICE
03/03/1998	NAME CHANGE AMENDMENT PLUS ADDITIONAL CHANGES

CALL LEXIS DOCUMENT SERVICES FOR ALL YOUR CORPORATE NEEDS. 800-634-9738



LEVEL 1 - 71 OF 77 DOCUMENTS

\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY BE  
OBTAINED THROUGH THE OFFICE OF MICHIGAN CONSUMER & INDUSTRY SERVICES \*\*

MICHIGAN CONSUMER & INDUSTRY SERVICES, CORPORATE RECORD

NAME: PIONEER NATURAL RESOURCES USA, INC.

TYPE: FOREIGN PROFIT

STATUS: ACTIVE

DATE OF INCORPORATION/QUALIFICATION: 03/02/1998

STATE: DELAWARE

REGISTERED AGENT: THE CORPORATION COMPANY

REGISTERED OFFICE: C/O THE CORPORATION COMPANY  
30600 TELEGRAPH RD  
BINGHAM FARMS, MI 48025

NO. OF SHARES AUTHORIZED: 1,000

ANNUAL-REPORT:

DATE: 00

ROLL: 0000

FRAME: 0000

ARE: NO EXTENSION

COMMENT: SEE HISTORY (ANNUAL REPORT)

NUMBER: 665599

CALL LEXIS DOCUMENT SERVICES FOR ALL YOUR CORPORATE NEEDS. 800-634-9738

LEVEL 1 - 73 OF 77 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY BE OBTAINED THROUGH THE OFFICE OF THE TEXAS SECRETARY OF STATE AND THE TEXAS COMPTROLLER OF PUBLIC ACCOUNTS. \*\*\*

TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER URAVAN, INC.

Principal Place of Business: 5205 NORTH O CONNOR BLVD SUITE 1400  
IRVING, TEXAS 75039-3746

Principal Office: 5205 NORTH O CONNOR BLVD SUITE 1400  
IRVING, TEXAS 75039-3746

Tax Address: 5205 N O'CONNOR BLVD SUITE 1400  
IRVING, TEXAS 75039

Type of Corporation: DOMESTIC PROFIT

Status: ACTIVE

Standing from Comptrollers Office: IN GOOD STANDING BUT NOT FOR DISSOLUTION

Status Date: 07/03/1975

Filing Date: 07/03/1975

Duration: PERPETUAL

State of Incorporation: TEXAS

Registered Agent: C T CORP SYSTEM

Registered Office: 350 N ST PAUL ST.,  
DALLAS, TEXAS 75201

Parent Company: PIONEER NATURAL RESOURCES USA, INC  
State: DELAWARE  
% Owned: 100

Capital/Stock: 5000000 AT \$ 1.00

Tax Year: 1998

State Tax ID: 017514823131

Incorporators: D E JAMES, AMARILLO, TEXAS  
J L HOPSON, AMARILLO, TEXAS  
G WAYNE COGDILL, AMARILLO, TEXAS

Officers and Directors:



## TEXAS SECRETARY OF STATE, CORPORATE RECORD

BRUMLEY, JON  
PRESIDENT  
(BOTH OFFICER AND DIRECTOR)  
5205 NORTH O CONNOR BLVD SOUTH  
IRVING, TEXAS 75039

FAGERSTONE, DENNIS E  
SENIOR VICE PRESIDENT  
(BOTH OFFICER AND DIRECTOR)  
5205 N O'CONNOR BLVD STE 1  
IRVING, TEXAS 75039

Number: 00363237-00

## History:

Date	Transaction
-----	-----
03/07/1988	CHANGE OF REGISTERED AGENT
02/27/1989	CHANGE OF REGISTERED AGENT
03/18/1991	CHANGE OF REGISTERED AGENT
08/28/1992	CHANGE OF REGISTERED AGENT
05/17/1993	PUBLIC INFORMATION REPORT FILED WITH REVISIONS
06/25/1993	PUBLIC INFORMATION REPORT FILED
07/08/1994	PUBLIC INFORMATION REPORT FILED
07/08/1994	PUBLIC INFORMATION REPORT FILED
06/16/1995	PUBLIC INFORMATION REPORT FILED
06/16/1995	PUBLIC INFORMATION REPORT FILED
08/10/1996	PUBLIC INFORMATION REPORT FILED WITH NO REVISIONS
06/22/1997	PUBLIC INFORMATION REPORT FILED
06/22/1997	PUBLIC INFORMATION REPORT FILED
06/21/1998	PUBLIC INFORMATION REPORT FILED
03/27/1999	PUBLIC INFORMATION REPORT FILED WITH REVISIONS
03/27/1999	PUBLIC INFORMATION REPORT FILED WITH REVISIONS

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## LEVEL 1 - 72 OF 77 DOCUMENTS

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## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER DEBTCO, INC.

Type of Corporation: DOMESTIC PROFIT

Status: DEAD

Status Comment: MERGER

Status Date: 12/30/1997

Filing Date: 12/30/1997

Duration: PERPETUAL

State of Incorporation: TEXAS

Registered Agent: CT CORPORATION

Registered Office: 350 NORTH ST. PAUL  
DALLAS, TEXAS 75201

Survivor: PIONEER NATURAL RESOURCES COMPANY  
State: DELAWARE

Capital/Stock: 1,000 CO AT \$ 1.00

Incorporators: PATRICIA F. REILLY, DALLAS, TEXAS

Number: 01472835-00

## History:

Date	Transaction
12/30/1997	ARTICLES OF INCORPORATION
12/30/1997	MERGER

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LEVEL 1 - 74 OF 77 DOCUMENTS

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TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL GAS COMPANY

Principal Place of Business: 5205 N O'CONNOR BLVD SUITE 1400  
IRVING, TEXAS 75039-3746

Principal Office: 5205 N O'CONNOR BLVD SUITE 1400  
IRVING, TEXAS 75039-3746

Tax Address: 5205 N O'CONNOR BLVD SUITE 1400  
IRVING, TEXAS 75039-3746

Type of Corporation: DOMESTIC PROFIT

Status: ACTIVE

Standing from Comptrollers Office: IN GOOD STANDING BUT NOT FOR DISSOLUTION

Status Date: 07/10/1975

Filing Date: 07/10/1975

Duration: PERPETUAL

State of Incorporation: TEXAS

Registered Agent: C T CORPORATION SYSTEM

Registered Office: %C T CORPORATION SYSTEM, 350 N. ST. PAUL ST+  
DALLAS, TEXAS 75201

Subsidiaries: PIONEER NATURAL RESOURCES USA, INC  
State: DELAWARE  
% Owned: 100

Capital/Stock: 2,000 CO P \$ 1.

Tax Year: 1998

State Tax ID: 030002489349

Incorporators: BOYD KNUDSTON, AMARILLO, TEXAS  
DON JAMES, AMARILLO, TEXAS  
G. W. COGDILL, AMARILLO, TEXAS

Officers and Directors:

## TEXAS SECRETARY OF STATE, CORPORATE RECORD

BRUMLEY, JON  
PRESIDENT  
(BOTH OFFICER AND DIRECTOR)  
5205 N O'CONNOR BLVD SUITE 1400  
IRVING, TEXAS 75039-3746

FAGERSTONE, DENNIS E  
VICE PRESIDENT  
(BOTH OFFICER AND DIRECTOR)  
5205 N O'CONNOR BLVD SUITE 1400  
IRVING, TEXAS 75039-3746

Number: 00363416-00

## History:

Date	Transaction
-----	-----
03/07/1988	CHANGE OF REGISTERED AGENT
02/27/1989	CHANGE OF REGISTERED AGENT
03/18/1991	CHANGE OF REGISTERED AGENT
07/20/1992	CHANGE OF REGISTERED AGENT
05/17/1993	PUBLIC INFORMATION REPORT FILED WITH REVISIONS
06/25/1993	PUBLIC INFORMATION REPORT FILED
07/29/1994	PUBLIC INFORMATION REPORT FILED
07/29/1994	PUBLIC INFORMATION REPORT FILED
06/16/1995	PUBLIC INFORMATION REPORT FILED
06/16/1995	PUBLIC INFORMATION REPORT FILED
06/16/1995	PUBLIC INFORMATION REPORT FILED
06/16/1995	PUBLIC INFORMATION REPORT FILED
08/10/1996	PUBLIC INFORMATION REPORT FILED WITH NO REVISIONS
06/22/1997	PUBLIC INFORMATION REPORT FILED
06/22/1997	PUBLIC INFORMATION REPORT FILED
06/21/1998	PUBLIC INFORMATION REPORT FILED
03/27/1999	PUBLIC INFORMATION REPORT FILED WITH REVISIONS
03/27/1999	PUBLIC INFORMATION REPORT FILED WITH REVISIONS

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LEVEL 1 - 75 OF 77 DOCUMENTS

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS, SALES & USE TAX FILE

NAME: PNRC PROPERTIES LP

TYPE: PARTNERSHIP-LIMITED

MAILING ADDRESS: PO BOX 3178 ATTN:DANNY BARKER  
MIDLAND, TX 79702 (MIDLAND COUNTY)

TAXPAYER NUMBER: 17525188631

OUTLET #1: PIONEER NATURAL RESOURCES  
79701  
MIDLAND, TX 79701  
MIDLAND COUNTY (Inside City Limits)  
SIC CODE: 7521  
PERMIT ISSUED: 05/06/97  
FIRST SALE: 03/07/94

OUTLET #2: PIONEER NATURAL RESOURCES  
79701  
MIDLAND, TX 79701  
MIDLAND COUNTY (Inside City Limits)  
SIC CODE: 7521  
PERMIT ISSUED: 04/04/95  
FIRST SALE: 01/01/95

\* \* \* END OF DOCUMENT \* \* \*

## LEVEL 1 - 76 OF 77 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY BE OBTAINED THROUGH THE OFFICE OF THE TEXAS SECRETARY OF STATE AND THE TEXAS COMPTROLLER OF PUBLIC ACCOUNTS. \*\*\*

## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PNRC PROPERTIES L.P.

Principal Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Type of Limited Partnership: DOMESTIC LIMITED PARTNERSHIP

Status: ACTIVE

Status Date: 01/20/1994

Filing Date: 01/20/1994

State of Origin: TEXAS

Registered Agent: PIONEER NATURAL RESOURCES USA INC.

Registered Office: 5205 N. O'CONNOR BLVD  
IRVING, TEXAS 75039-3746

Prior Names: PARKER & PARSLEY PROPERTIES L.P.  
Changed: 10/14/1997

General Partners: PIONEER NATURAL RESOURCES USA, INC.  
5205 N. O'CONNOR BLVD  
IRVING, TEXAS 75039-3746

Number: 00072666-10

## History:

Date	Transaction
01/20/1994	DOMESTIC LIMITED PARTNERSHIP NEW ARTICLES EFFECTIVE: 01/21/1994, 7:00 AM
01/20/1994	GENERAL PARTNER INFORMATION FILED
09/21/1995	GENERAL PARTNER AMENDMENT
10/14/1997	LP RESTATED ARTICLES WITH NAME CHANGE PLUS OTHER CHANGES LP RESTATED ARTICLES WITH NAME CHANGE PLUS GP AND OTHER
10/14/1997	CHANGES

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LEVEL 1 - 75 OF 77 DOCUMENTS

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS, SALES & USE TAX FILE

NAME: PNRG PROPERTIES LP

TYPE: PARTNERSHIP-LIMITED

MAILING ADDRESS: PO BOX 3178 ATTNDANNY BARKER  
MIDLAND, TX 79702 (MIDLAND COUNTY)

TAXPAYER NUMBER: 17525188631

OUTLET #1: PIONEER NATURAL RESOURCES  
79701  
MIDLAND, TX 79701  
MIDLAND COUNTY (Inside City Limits)  
SIC CODE: 7521  
PERMIT ISSUED: 05/06/97  
FIRST SALE: 03/07/94

OUTLET #2: PIONEER NATURAL RESOURCES  
79701  
MIDLAND, TX 79701  
MIDLAND COUNTY (Inside City Limits)  
SIC CODE: 7521  
PERMIT ISSUED: 04/04/95  
FIRST SALE: 01/01/95

\* \* \* END OF DOCUMENT \* \* \*

## LEVEL 1 - 76 OF 77 DOCUMENTS

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## TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PNRC PROPERTIES L.P.

Principal Office: 303 WEST WALL, STE. 101  
MIDLAND, TEXAS 79701

Type of Limited Partnership: DOMESTIC LIMITED PARTNERSHIP

Status: ACTIVE

Status Date: 01/20/1994

Filing Date: 01/20/1994

State of Origin: TEXAS

Registered Agent: PIONEER NATURAL RESOURCES USA INC.

Registered Office: 5205 N. O'CONNOR BLVD  
IRVING, TEXAS 75039-3746

Prior Names: PARKER & PARSLEY PROPERTIES L.P.  
Changed: 10/14/1997

General Partners: PIONEER NATURAL RESOURCES USA, INC.  
5205 N. O'CONNOR BLVD  
IRVING, TEXAS 75039-3746

Number: 00072666-10

## History:

Date	Transaction
01/20/1994	DOMESTIC LIMITED PARTNERSHIP NEW ARTICLES EFFECTIVE: 01/21/1994, 7:00 AM
01/20/1994	GENERAL PARTNER INFORMATION FILED
09/21/1995	GENERAL PARTNER AMENDMENT
10/14/1997	LP RESTATED ARTICLES WITH NAME CHANGE PLUS OTHER CHANGES LP RESTATED ARTICLES WITH NAME CHANGE PLUS GP AND OTHER
10/14/1997	CHANGES

CALL LEXIS DOCUMENT SERVICES FOR ALL YOUR CORPORATE NEEDS. 800-634-9738



LEVEL 1 - 53 OF 77 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY  
BE  
OBTAINED THROUGH THE OFFICE OF THE LOUISIANA SECRETARY OF STATE \*\*\*

LOUISIANA SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES USA, INC.

Mailing Address: 5205 N. O'CONNOR BLVD., STE. 1400  
IRVING, TX 75039

Type: CORPORATION (PROFIT)

Status: MERGED INTO ANOTHER ENTITY

Status Date: 1/12/1998

Filing Date: 2/4/1994

State of Incorporation: DELAWARE

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 8550 UNITED PLAZA BLVD.  
BATON ROUGE, LA 70809

Prior Name: MESA OPERATING CO.

Additional Information: ENTITY IS NOT IN GOOD STANDING

FEIN: 752516853

Number: 34455054F

Officers/Directors/Partners/Members:

HOWARD P. BRADFORD  
TREASURER  
5205 N. O'CONNOR BLVD., STE. 1400  
IRVING, TX 75039

SCOTT D. SHEFFIELD  
PRESIDENT/DIRECTOR  
5205 N. O'CONNOR BLVD., STE. 1400  
IRVING, TX 75039

W. T. HOWARD  
VICE PRESIDENT/SECRETARY  
5205 N. O'CONNOR BLVD., STE. 1400  
IRVING, TX 75039

History:

## LOUISIANA SECRETARY OF STATE, CORPORATE RECORD

DATE	TYPE	COMMENT
1/12/1998	MISCELLANEOUS	MERGER; FOR ADD'L DETAILS, SEE AMENDMENT ID 34605295
9/24/1997	MISCELLANEOUS	MERGER; FOR ADD'L DETAILS, SEE AMENDMENT ID 34572550
9/5/1997	NAME CHANGE	
1/31/1997	MISCELLANEOUS	97 ANNUAL REPORT FILED
1/24/1996	MISCELLANEOUS	96 ANNUAL REPORT FILED
2/3/1995	MISCELLANEOUS	95 ANNUAL REPORT FILED

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## LEVEL 1 - 37 OF 77 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY BE OBTAINED THROUGH THE OFFICE OF THE CALIFORNIA SECRETARY OF STATE. \*\*\*

## CALIFORNIA SECRETARY OF STATE, CORPORATE RECORD.

NAME: PIONEER NATURAL RESOURCES USA, INC.

TYPE OF CORPORATION: STATEMENT AND DESIGNATION BY FOREIGN CORPORATION

CORPORATE STATUS: ACTIVE

DATE OF INCORPORATION/QUALIFICATION: 09/06/1994

MAILING ADDRESS: 5205 NO O'CONNOR BLVD STE 1400  
IRVING, TX 75039

STATE OF INCORPORATION: DE

REGISTERED AGENT: C T CORPORATION SYSTEM

REGISTERED OFFICE: 818 WEST SEVENTH STREET  
LOS ANGELES, CA 90017

PRESIDENT: SCOTT D SHEFFIELD  
5205 NO O'CONNOR BLVD STE 1400  
IRVING, TX 75039

STATEMENT OF OFFICERS FILE NUMBER: 807397

STATEMENT OF OFFICERS FILE DATE: 10/01/98

TAX-BASIS: STOCK

CORPORATE NUMBER: 1912076

## HISTORY:

DATE: 09/05/1997  
TRANSACTION: AMENDED STATEMENT AND DESIGNATION BY FOREIGN CORPORATION  
COMMENT: NAME CHANGE FROM: MESA OPERATING CO.  
OTHER CORP NO: 01912076  
AMENDMENT NO: A0497010

DATE: 09/08/1997  
TRANSACTION: CERTIFICATE OF AMENDMENT  
COMMENT: UPDATED

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LEVEL 1 - 36 OF 77 DOCUMENTS

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BE  
OBTAINED THROUGH THE OFFICE OF THE LOUISIANA SECRETARY OF STATE \*\*\*

LOUISIANA SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES (GPC) INC.

Mailing Address: 11490 WESTHEIMER, STE. 300  
HOUSTON, TX 77077

Type: CORPORATION (PROFIT)

Status: MERGED INTO ANOTHER ENTITY

Status Date: 5/26/1998

Filing Date: 9/6/1988

State of Incorporation: DELAWARE

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 8550 UNITED PLAZA BLVD.  
BATON ROUGE, LA 70809

Prior Name: GREENHILL PETROLEUM CORPORATION

Additional Information: ENTITY IS NOT IN GOOD STANDING

FEIN: 841068670

Number: 34312754F

Officers/Directors/Partners/Members:

DENNIS E. FAGERSTONE  
PRESIDENT/DIRECTOR  
5205 N. O'CONNOR BLVD., SUITE 1400  
IRVING, TX 75039-3746

KENNETH H. SHEFFIELD, JR.  
VICE PRESIDENT/SECRETARY  
11490 WESTHEIMER, STE. 300  
HOUSTON, TX 77077

M. GARRETT SMITH  
EXECUTIVE VICE PRESIDENT/SECRETARY/DIRECTOR  
5205 N. O'CONNOR BLVD., SUITE 1400  
IRVING, TX 75039-3746

History:



## LOUISIANA SECRETARY OF STATE, CORPORATE RECORD

DATE	TYPE	COMMENT
5/26/1998	MISCELLANEOUS	MERGER; FOR ADD'L DETAILS, SEE
11/12/1997	NAME CHANGE	AMENDMENT ID 34644593
9/11/1997	MISCELLANEOUS	97 ANNUAL REPORT FILED
9/5/1996	MISCELLANEOUS	96 ANNUAL REPORT FILED
8/30/1995	MISCELLANEOUS	95 ANNUAL REPORT FILED
8/26/1994	MISCELLANEOUS	94 ANNUAL REPORT FILED
8/5/1993	MISCELLANEOUS	93 ANNUAL REPORT FILED
		STATEMENT OF CHANGE OR CHANGE
		PRINCIPAL BUSINESS OFFICE FOR
		NON-LOUISIANA CORPORATION AND
		PARTNERSHIP
2/1/1993	MISCELLANEOUS	92 ANNUAL REPORT FILED
9/8/1992	MISCELLANEOUS	91 ANNUAL REPORT FILED
5/15/1992	MISCELLANEOUS	90 ANNUAL REPORT FILED
5/20/1991	MISCELLANEOUS	89 ANNUAL REPORT FILED
4/23/1990	MISCELLANEOUS	88 ANNUAL REPORT FILED
5/15/1989	MISCELLANEOUS	

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LEVEL 1 - 38 OF 77 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY  
BE  
OBTAINED THROUGH THE OFFICE OF THE NEW MEXICO SECRETARY OF STATE \*\*\*

NEW MEXICO SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES USA, INC.

Mailing Address: 303 WEST WALL/SUITE 101  
MIDLAND, TX 79701

Type: CORPORATION (PROFIT)

Status: ACTIVE

Filing Date: 9/12/1997

Duration: PERPETUAL

State of Incorporation: DELAWARE

Date of Incorporation: 9/12/1997

Registered Agent: CT CORPORATION SYSTEMS

Registered Office: 123 EAST MARCY  
SANTA FE, NM 87501

Additional Information: REPORT CODE:REG RPT/CLEARANCE BUSINESS PURPOSE: OIL  
& GAS EXPLORATION & PRODUCTION

Number: 1888841

Officers/Directors/Partners/Members:

DENNIS E. FAGERSTONE  
DIRECTOR

DOVE, TIMOTHY L.  
VICE PRESIDENT

KAMRADT, CURT F.  
TREASURER

M. GARRETT SMITH  
DIRECTOR

MARK L. WITHROW  
DIRECTOR

SCOTT D. SHEFFIELD  
DIRECTOR



## NEW MEXICO SECRETARY OF STATE, CORPORATE RECORD

SHEFFIELD, SCOTT D.  
PRESIDENT

TIMOTHY L. DOVE  
DIRECTOR

WITHROW, MARK L.  
SECRETARY

## History:

DATE	TYPE	COMMENT
6/23/1998	MISCELLANEOUS	FOREIGN MERGER; MERGING PIONEER NATURAL RESOURCES (GPC) INC. (DE) 1368588 (FILED UNDER DE LAW)
10/2/1997	MISCELLANEOUS	FOREIGN MERGER; PARKER & PARSLEY DEVELOPMENT L.P., A TEXAS LIMITED PARTNERSHIP, NQ WITH AND INTO PIONEER NATURAL (CONT'D)
9/12/1997	MISCELLANEOUS	CERTIFICATE OF AUTHORITY; PIONEER NATURAL RESOURCES USA, INC. INCORPORATED UNDER THE LAWS OF DELAWARE PERPETUAL

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LEVEL 1 - 39 OF 77 DOCUMENTS

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BE  
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MONTANA SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES USA, INC.

Mailing Address: 1209 ORANGE ST  
WILMINGTON, DE 19801

Type: CORPORATION (PROFIT)

Status: GOOD STANDING

Filing Date: 1/24/1994

Duration: PERPETUAL

State of Incorporation: DELAWARE

Date of Incorporation: 12/30/1993

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 40 W LAWRENCE STE A PO BOX 1166  
HELENA, MT 59624

Number: F024928

Annual Report:

Report Filed: 5/15/1998

Stock:

Type of Stock: COMMON  
Value of Stock: \$ 10  
Authorized Quantity: 1000  
Issued Quantity: 1000  
Par Value: \$ 0.0100  
Convert Common Stock: NO

Officers/Directors/Partners/Members:

ABBREVIATED LIST  
OFFICER

CURT F KAMRADT  
TREASURER  
5205 N O'CONNOR BLVD STE 1400  
IRVING, TX 75039

DENNIS K FAGERSTONE



## MONTANA SECRETARY OF STATE, CORPORATE RECORD

DIRECTOR  
5205 N O'CONNOR BLVD #1400  
IRVING, TX 75039

M GARRETT SMITH  
DIRECTOR  
5205 N O'CONNOR BLVD STE 1400  
IRVING, TX 75039

MARK L WITHROW  
SECRETARY  
5205 N O'CONNOR BLVD #1400  
IRVING, TX 75039

MARK L WITHROW  
DIRECTOR  
5205 N O'CONNOR BLVD STE 1400  
IRVING, TX 75039

SCOTT D SHEFFIELD  
PRESIDENT  
5205 N O'CONNER BLVD #1400  
IRVING, TX 75039

SCOTT D SHEFFIELD  
DIRECTOR  
5205 N O'CONNOR BLVD #1400  
IRVING, TX 75039

STEPHAN R PETTY  
VICE PRESIDENT  
5205 N O'CONNOR BLVD #1400  
IRVING, TX 75039

STEPHEN K GARDNER (VPRES)  
OTHER  
5205 N O'CONNOR BLVD  
IRVING, TX 75039

TIMOTHY L DOVE  
DIRECTOR  
5205 N O'CONNER BLVD #1400  
IRVING, TX 75039

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LEVEL 1 - 40 OF 77 DOCUMENTS

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BE  
OBTAINED THROUGH THE OFFICE OF THE NORTH DAKOTA SECRETARY OF STATE \*\*\*

NORTH DAKOTA SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES USA, INC.

Business Address: 5205 N O CONNOR BLVD STE 1400  
IRVING, TX 75039-3745

Type: CORPORATION (PROFIT)

Status: RETIRED BY ACT OF MERGER

Status Date: 3/2/1998

Filing Date: 1/24/1994

Duration: PERPETUAL

State of Incorporation: DELAWARE

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 314 E THAYER AVE; PO BOX 400  
BISMARCK, ND 58502-0400

Number: 5633600

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## LEVEL 1 - 41 OF 77 DOCUMENTS

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BE  
OBTAINED THROUGH THE OFFICE OF THE WYOMING SECRETARY OF STATE \*\*\*

## WYOMING SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES USA, INC.

Mailing Address: 5205 N. O'CONNOR BLVD. SUITE 1400  
IRVING, TX 75039

Type: CORPORATION (PROFIT)

Status: ACTIVE

Filing Date: 1/25/1994

State of Incorporation: DELAWARE

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 1720 CAREY AVE. BOX 1083  
CHEYENNE, WY 82001

Prior Name: MESA OPERATING CO.

Additional Information: THE LAST ANNUAL REPORT SUBMITTED TO THE STATE WAS  
FOR 1998 STATE REFERENCE # 382972

Number: 1994002882071

## History:

DATE	TYPE	COMMENT
9/24/1997	MISCELLANEOUS	MERGER
9/5/1997	MISCELLANEOUS	AMENDMENT FILED

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LEVEL 1 - 42 OF 77 DOCUMENTS

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OBTAINED THROUGH THE OFFICE OF THE NORTH DAKOTA SECRETARY OF STATE \*\*\*

NORTH DAKOTA SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES USA, INC.

Business Address: 5205 N O'CONNOR BLVD STE 1400  
IRVING, TX 75039-3745

Type: CORPORATION (PROFIT)

Status: ACTIVE

Status Date: 3/2/1998

Filing Date: 3/2/1998

Duration: PERPETUAL

State of Incorporation: DELAWARE

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 314 E THAYER AVE; PO BOX 400  
BISMARCK, ND 58502

Number: 13326200

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## LEVEL 1 - 43 OF 77 DOCUMENTS

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BE  
OBTAINED THROUGH THE OFFICE OF THE NEW MEXICO SECRETARY OF STATE \*\*\*

## NEW MEXICO SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES (GPC) INC.

Type: CORPORATION (PROFIT)

Status: MERGED OUT

Filing Date: 10/9/1987

Duration: PERPETUAL

State of Incorporation: DELAWARE

Date of Incorporation: 10/9/1987

Additional Information: REPORT CODE:GOOD STANDING

Number: 1368588

## History:

DATE	TYPE	COMMENT
6/23/1998	MISCELLANEOUS	FOREIGN MERGER; MERGING INTO PIONEER NATURAL RESOURCES USA, INC. (DE) 1888841 (FILED UNDER DE LAW). ADDRESS FOR (CONT'D) AMENDED CERTIFICATE OF AUTHORITY; CNT<PIONEER NATURAL RESOURCES (GPC) INC.
11/12/1997	MISCELLANEOUS	CERTIFICATE OF AUTHORITY; GREENHILL PETROLEUM CORPORATION, AUTHORIZED 1,000 COMMON STOCK, \$ 1.00 PAR VALUE, (CONT'D)
10/9/1987	MISCELLANEOUS	

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LEVEL 1 - 44 OF 77 DOCUMENTS

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BE  
OBTAINED THROUGH THE OFFICE OF THE KANSAS SECRETARY OF STATE \*\*\*

KANSAS SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES USA, INC.

Mailing Address: 5205 N O CONNOR BLVD STE 1400  
IRVING, TX 75039-3745

Type: CORPORATION (PROFIT)

Status: MERGED OUT

Filing Date: 1/27/1994

Duration: PERPETUAL

State of Incorporation: DELAWARE

Date of Incorporation: 1/27/1994

Registered Agent: THE CORPORATION COMPANY, INC.

Registered Office: 515 S KANSAS AVE  
TOPEKA, KS 66603

Prior Name: MESA OPERATING CO.

Additional Information: 1996/12/31 ANNUAL RPT ON MICROFILM ROLL 0505, FRAME 00697

FEIN: 752516853

Number: 2131365

Annual Report:

Report Due Date: 4/15/1998

Officers/Directors/Partners/Members:

DENNIS E FAGERSTONE  
DIRECTOR  
3605 COTSWOLD COURT  
COLLEYVILLE, TX 76034

G MICHAEL PRESCOTT, III  
SECRETARY  
2413 CLEARSRING DRIVE  
IRVING, TX 75063

JOHN V SOBCHAK



## KANSAS SECRETARY OF STATE, CORPORATE RECORD

TREASURER  
5806 FLINTSHIRE LANE  
DALLAS, TX 75252

JON BRUMLEY  
PRESIDENT/DIRECTOR  
4500 AIRPORT ROAD  
ALEDO, TX 76008

STEPHEN K GARDNER  
DIRECTOR  
4203 BRETTON BAY LANE  
DALLAS, TX 75287

## History:

DATE	TYPE	COMMENT
3/6/1998	MISCELLANEOUS	MERGED WITH A BUSINESS NOT QUALIFIED IN KANSAS 1996/12/31 ANNUAL REPORT FILED. LOCATED ON MICROFILM ROLL 0505, FRAME 00697
10/3/1997	MISCELLANEOUS	
8/29/1997	NAME CHANGE	1995/12/31 ANNUAL REPORT FILED. LOCATED ON MICROFILM ROLL 0458, FRAME 00631
10/3/1996	MISCELLANEOUS	1994/12/31 ANNUAL REPORT FILED. LOCATED ON MICROFILM ROLL 0418, FRAME 00695
10/16/1995	MISCELLANEOUS	

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LEVEL 1 - 46 OF 77 DOCUMENTS

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BE  
OBTAINED THROUGH THE OFFICE OF THE WEST VIRGINIA SECRETARY OF STATE  
\*\*\*

WEST VIRGINIA SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES USA, INC.

Business Address: 5205 N. O'CONNOR BLVD SUITE 1400  
IRVING, TX 75029-3746

Type: CORPORATION

Status: ACTIVE

Filing Date: 1/25/1994

State of Incorporation: DELAWARE

Registered Agent: CT CORPORATION SYSTEM

Registered Office: PO BOX 951  
CHARLESTON, WV 25323

Additional Information: LOCAL OFFICE ADDRESS IS: 2600 TRAMMELL CROW CENTER  
DALLAS TX 75201

Number: 940260084239459

Officers/Directors/Partners/Members:

BOONE PICKENS  
PRESIDENT

DENNIS E. FAGERSTONE  
VICE PRESIDENT

G MICHAEL PRESCOTT III  
SECRETARY

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LEVEL 1 - 47 OF 77 DOCUMENTS

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BE  
OBTAINED THROUGH THE OFFICE OF THE WYOMING SECRETARY OF STATE \*\*\*

WYOMING SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES USA, INC.

Mailing Address: 5205 N. O'CONNOR BLVD. STE. 1400, WILLIAMS SQ. WEST  
IRVING, TX 75039

Type: CORPORATION (PROFIT)

Status: ACTIVE

Filing Date: 3/3/1998

State of Incorporation: DELAWARE

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 1720 CAREY AVE. BOX 1083  
CHEYENNE, WY 82001

Number: 1998003319181

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LEVEL 1 - 48 OF 77 DOCUMENTS

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OBTAINED THROUGH THE OFFICE OF THE NEW MEXICO SECRETARY OF STATE \*\*\*

NEW MEXICO SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES USA, INC.

Mailing Address: 5205 N. O'CONNER BLVD., SUITE 1400  
IRVING, TX 75039

Type: CORPORATION (PROFIT)

Status: ACTIVE

Filing Date: 10/20/1998

Duration: PERPETUAL

State of Incorporation: DELAWARE

Date of Incorporation: 10/20/1998

Registered Agent: CT CORPORATION SYSTEM

Registered Office: 123 EAST MARCY STREET  
SANTA FE, NM 87501

Additional Information: REPORT CODE:1ST RPT/CLEARANCE BUSINESS PURPOSE: OIL  
& GAS EXPLORATION AND PRODUCTION

Number: 1963487

Officers/Directors/Partners/Members:

DENNIS E. FAGERSTONE  
DIRECTOR

DOVE, TIMOTHY L.  
VICE PRESIDENT

GARRETT M. SMITH  
DIRECTOR

MARK L. WITHROW  
DIRECTOR

NONE LISTED  
TREASURER

SHEFFIELD, SCOTT D.  
PRESIDENT



## NEW MEXICO SECRETARY OF STATE, CORPORATE RECORD

TIMOTHY L. DOVE  
DIRECTOR

WITHROW, MARK L.  
SECRETARY

## History:

DATE	TYPE	COMMENT
10/20/1998	MISCELLANEOUS	CERTIFICATE OF AUTHORITY; PIONEER NATURAL RESOURCES USA, INC. INCORPORATED UNDER THE LAWS OF DELAWARE ON (CONT'D)

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LEVEL 1 - 49 OF 77 DOCUMENTS

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BE  
OBTAINED THROUGH THE OFFICE OF THE ARIZONA SECRETARY OF STATE \*\*\*

ARIZONA SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES USA, INC.

Business Address: C/O C T CORPORATION SYSTEM 3225 N CENTRAL AVE  
PHOENIX, AZ 85012

Type: CORPORATION (PROFIT)

Status: ACTIVE/IN GOOD STANDING

Filing Date: 2/4/1994

Duration: PERPETUAL

State of Incorporation: DELAWARE

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 3225 N CENTRAL AVE  
PHOENIX, AZ 85012

Additional Information: 98 ANNUAL REPORT: SEE MICROFICHE #11262021036; 96  
ANNUAL REPORT: SEE MICROFICHE #11142021035

Number: F07111600

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LEVEL 1 - 50 OF 77 DOCUMENTS

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TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES (GPC) INC.

Principal Place of Business: 5025 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039-3746

Principal Office: 5025 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039-3746

Tax Address: 5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

Type of Corporation: FOREIGN PROFIT

Status: DEAD

Status Comment: TERMINATION (foreign corporation, type 6 and 7 only)

Status Date: 04/30/1998

Filing Date: 04/25/1988

Duration: PERPETUAL

State of Incorporation: DELAWARE

Registered Agent: CT CORPORATION SYSTEM

Registered Office: 350 N. ST. PAUL STREET  
DALLAS, TEXAS 75201

Prior Names: GREENHILL PETROLEUM CORPORATION  
Changed: 11/10/1997

Parent Company: PIONEER NATURAL RESOURCES  
State: DELAWARE  
% Owned: 100

Tax Year: 1997

State Tax ID: 018410686705

Officers and Directors:  
FAGERSTONE, DENNIS E  
PRESIDENT  
(BOTH OFFICER AND DIRECTOR)

## TEXAS SECRETARY OF STATE, CORPORATE RECORD

5205 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

WITHROW, MARK L  
SECRETARY  
(BOTH OFFICER AND DIRECTOR)  
5205 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

KAMRADT, CURT F  
TREASURER  
(OFFICER)  
303 WEST WALL STE 101  
MIDLAND, TEXAS 79701

PETTY, STEPHAN R  
VICE PRESIDENT  
(OFFICER)  
303 WEST WALL STE 101  
MIDLAND, TEXAS 79701

DEALY, RICHARD P  
VICE PRESIDENT  
(OFFICER)  
303 WEST WALL STE 101  
MIDLAND, TEXAS 79701

Number: 00076258-06

## History:

Date	Transaction
04/25/1988	CERTIFICATE OF AUTHORITY
07/13/1990	CHANGE OF REGISTERED AGENT
05/17/1993	PUBLIC INFORMATION REPORT FILED WITH REVISIONS
12/10/1993	PUBLIC INFORMATION REPORT FILED WITH NO REVISIONS
	PUBLIC INFORMATION REPORT FILED WITH REVISIONS
07/28/1995	PUBLIC INFORMATION REPORT FILED
07/28/1995	PUBLIC INFORMATION REPORT FILED
07/28/1995	PUBLIC INFORMATION REPORT FILED
07/28/1995	PUBLIC INFORMATION REPORT FILED
07/27/1996	PUBLIC INFORMATION REPORT FILED
07/27/1996	PUBLIC INFORMATION REPORT FILED
07/27/1996	PUBLIC INFORMATION REPORT FILED
07/27/1996	PUBLIC INFORMATION REPORT FILED
11/10/1997	AMENDED CERTIFICATE OF AUTHORITY
12/08/1997	PUBLIC INFORMATION REPORT FILED
12/08/1997	PUBLIC INFORMATION REPORT FILED
04/17/1998	PUBLIC INFORMATION REPORT FILED WITH REVISIONS
04/13/1998	TERMINATION
04/25/1988	DEAD DATE MAINTENANCE

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LEVEL 1 - 50 OF 77 DOCUMENTS

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TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES (GPC) INC.

Principal Place of Business: 5025 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039-3746

Principal Office: 5025 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039-3746

Tax Address: 5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

Type of Corporation: FOREIGN PROFIT

Status: DEAD

Status Comment: TERMINATION (foreign corporation, type 6 and 7 only)

Status Date: 04/30/1998

Filing Date: 04/25/1988

Duration: PERPETUAL

State of Incorporation: DELAWARE

Registered Agent: CT CORPORATION SYSTEM

Registered Office: 350 N. ST. PAUL STREET  
DALLAS, TEXAS 75201

Prior Names: GREENHILL PETROLEUM CORPORATION  
Changed: 11/10/1997

Parent Company: PIONEER NATURAL RESOURCES  
State: DELAWARE  
% Owned: 100

Tax Year: 1997

State Tax ID: 018410686705

Officers and Directors:  
FAGERSTONE, DENNIS E  
PRESIDENT  
(BOTH OFFICER AND DIRECTOR)

5205 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

WITHROW, MARK L  
SECRETARY  
(BOTH OFFICER AND DIRECTOR)  
5205 N O'CONNOR BLVD STE 1400  
IRVING, TEXAS 75039

KAMRADT, CURT F  
TREASURER  
(OFFICER)  
303 WEST WALL STE 101  
MIDLAND, TEXAS 79701

PETTY, STEPHAN R  
VICE PRESIDENT  
(OFFICER)  
303 WEST WALL STE 101  
MIDLAND, TEXAS 79701

DEALY, RICHARD P  
VICE PRESIDENT  
(OFFICER)  
303 WEST WALL STE 101  
MIDLAND, TEXAS 79701

Number: 00076258-06

History:

Date	Transaction
04/25/1988	CERTIFICATE OF AUTHORITY
07/13/1990	CHANGE OF REGISTERED AGENT
05/17/1993	PUBLIC INFORMATION REPORT FILED WITH REVISIONS
12/10/1993	PUBLIC INFORMATION REPORT FILED WITH NO REVISIONS
07/28/1995	PUBLIC INFORMATION REPORT FILED WITH REVISIONS
07/28/1995	PUBLIC INFORMATION REPORT FILED
07/28/1995	PUBLIC INFORMATION REPORT FILED
07/28/1995	PUBLIC INFORMATION REPORT FILED
07/27/1996	PUBLIC INFORMATION REPORT FILED
07/27/1996	PUBLIC INFORMATION REPORT FILED
07/27/1996	PUBLIC INFORMATION REPORT FILED
07/27/1996	PUBLIC INFORMATION REPORT FILED
11/10/1997	AMENDED CERTIFICATE OF AUTHORITY
12/08/1997	PUBLIC INFORMATION REPORT FILED
12/08/1997	PUBLIC INFORMATION REPORT FILED
04/17/1998	PUBLIC INFORMATION REPORT FILED WITH REVISIONS
04/13/1998	TERMINATION
04/25/1988	DEAD DATE MAINTENANCE

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LEVEL 1 - 51 OF 77 DOCUMENTS

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KENTUCKY SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES USA, INC.

Mailing Address: 5205 N. O'CONNOR BLVD.; SUITE 1400  
IRVING, TX 75039-3746

Type: CORPORATION (PROFIT)

Status: ACTIVE

Filing Date: 1/24/1994

State of Incorporation: DELAWARE

Registered Agent: CT CORPORATION SYSTEM

Registered Office: KENTUCKY HOME LIFE BUILDING  
LOUISVILLE, KY 40202

Additional Information: BUSINESS STANDING: GOOD

Number: 325478

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LEVEL 1 - 54 OF 77 DOCUMENTS

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OKLAHOMA SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES USA, INC.

Type: CORPORATION (PROFIT)

Status: GOOD STANDING

Filing Date: 10/30/1998

State of Incorporation: DELAWARE

Registered Agent: THE CORPORATION COMPANY

Registered Office: 735 FIRST NATIONAL BLDG  
OKLA CITY, OK 73102

Agent Status: ACTIVE

Number: FB00612833

Stock:

Type of Stock: COMMON  
Value of Stock: \$ 10  
Authorized Quantity: 1000  
Par Value: \$ 0.0100  
Voting Right: YES  
Convert Common Stock: NO

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## LEVEL 1 - 55 OF 77 DOCUMENTS

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OBTAINED THROUGH THE OFFICE OF THE OKLAHOMA SECRETARY OF STATE \*\*\*

## OKLAHOMA SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES USA, INC.

Type: CORPORATION (PROFIT)

Status: WITHDRAWAL

Status Date: 10/30/1998

Filing Date: 1/26/1994

State of Incorporation: DELAWARE

Registered Agent: SECRETARY OF STATE

Registered Office: 2300 N LINCOLN BLVD RM 101  
OKLA CITY, OK 73105-4897

Agent Status: ACTIVE

Number: FB00533514

## Stock:

Type of Stock: COMMON  
Value of Stock: \$ 10  
Authorized Quantity: 1000  
Par Value: \$ 0.0100  
Voting Right: YES  
Convert Common Stock: NO

## History:

DATE	TYPE	COMMENT
10/30/1998	WITHDRAWN AUTHORIZATION	WITHDRAWAL.
10/1/1997	MISCELLANEOUS	INCREASE IN PAID-ON.
10/1/1997	MERGER-SURVIVOR CORPORATION	SURVIVOR OF MERGE.
8/29/1997	MISCELLANEOUS	NAME CHANGE.

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LEVEL 1 - 56 OF 77 DOCUMENTS

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KENTUCKY SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES USA, INC.

Mailing Address: 5205 N. O'CONNOR BLVD.; SUITE 1400  
IRVING, TX 75039-3746

Type: CORPORATION (PROFIT)

Status: ACTIVE

Filing Date: 1/24/1994

State of Incorporation: DELAWARE

Registered Agent: CT CORPORATION SYSTEM

Registered Office: KENTUCKY HOME LIFE BUILDING  
LOUISVILLE, KY 40202

Additional Information: BUSINESS STANDING: GOOD

Number: 325478

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## LEVEL 1 - 57 OF 77 DOCUMENTS

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OBTAINED THROUGH THE OFFICE OF THE TENNESSEE SECRETARY OF STATE \*\*\*

## TENNESSEE SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES USA, INC.

Mailing Address: SUITE 1400 5205 N. O'CONNOR BLV  
IRVING, TX 75039-3746

Type: CORPORATION (PROFIT)

Status: ACTIVE

Status Date: 1/25/1994

Filing Date: 1/25/1994

Duration: PERPETUAL

State of Incorporation: DELAWARE

Date of Incorporation: 12/30/1993

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 530 GAY STREET  
KNOXVILLE, TN 37902

Additional Information: FISCAL YEAR ENDS IN DECEMBER THE 1999 ANNUAL REPORT  
HAS BEEN STORED ON MICROFILM ROLL 3656-3161

Number: 274995

## Annual Report:

Report Due Date: 4/1/1999

Report Filed: 3/29/1999

## History:

DATE	TYPE	COMMENT
1/25/1994	MISCELLANEOUS	APPLICATION FOR CERTIFICATE OF AUTHORITY

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LEVEL 1 - 58 OF 77 DOCUMENTS

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TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER NATURAL RESOURCES COMPANY

Principal Place of Business: 5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

Principal Office: 5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

Tax Address: 5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

Type of Corporation: FOREIGN PROFIT

Status: ACTIVE

Standing from Comptrollers Office: IN GOOD STANDING BUT NOT FOR DISSOLUTION

Status Date: 05/23/1997

Filing Date: 05/23/1997

Duration: PERPETUAL

State of Incorporation: DELAWARE

Registered Agent: CT CORPORATIN SYSTEM

Registered Office: 350 N. ST. PAUL STREET  
DALLAS, TEXAS 75201

Tax Year: 1998

State Tax ID: 030119812771

Officers and Directors:

SHEFFIELD, SCOTT D  
PRESIDENT  
(BOTH OFFICER AND DIRECTOR)  
5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

DOVE, TIMOTHY L  
EXECUTIVE VICE PRESIDENT  
(OFFICER)  
5205 N OCONNOR BLVD STE 1400



## TEXAS SECRETARY OF STATE, CORPORATE RECORD

IRVING, TEXAS 75039

FAGERSTONE, DENNIS  
EXECUTIVE VICE PRESIDENT  
(OFFICER)  
5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

WITHROW, MARK L  
EXECUTIVE VICE PRESIDENT  
(OFFICER)  
5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

WITHROW, MARK L  
SECRETARY  
(OFFICER)  
5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

PAULSEN, LARRY N  
VICE PRESIDENT  
(OFFICER)  
5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

BAROFFIO, JAMES R  
(DIRECTOR)  
5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

BRUMLEY, I JON  
CHAIRMAN OF THE BOARD  
(BOTH OFFICER AND DIRECTOR)  
5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

GARDNER, R HARTWELL  
(DIRECTOR)  
5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

HERRINGTON, JOHN S  
(DIRECTOR)  
5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

HERSH, KENNETH A  
(DIRECTOR)  
5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

HOUGHTON, JAMES L  
(DIRECTOR)

## TEXAS SECRETARY OF STATE, CORPORATE RECORD

5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

JONES, JERRY P  
(DIRECTOR)  
5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

PICKENS, T BOONE  
(DIRECTOR)  
5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

RAINWATER, RICHARD E  
(DIRECTOR)  
5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

RAMSEY, CHARLES E\*JR  
(DIRECTOR)  
5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

SMITH, ARTHUR L  
(DIRECTOR)  
5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

SMITH, PHILIP B  
(DIRECTOR)  
5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

STILLWELL, ROBERT L  
(DIRECTOR)  
5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

WORTLEY, MICHAEL D  
(DIRECTOR)

FISCHER, MEL  
EXECUTIVE VICE PRESIDENT  
(BOTH OFFICER AND DIRECTOR)  
5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

WITHROW, MARK L  
EXECUTIVE VICE PRESIDENT  
(OFFICER)  
5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

KILE, LON C



## TEXAS SECRETARY OF STATE, CORPORATE RECORD

SENIOR VICE PRESIDENT  
(OFFICER)  
5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

EBEN, HERMANN  
VICE PRESIDENT  
(BOTH OFFICER AND DIRECTOR)  
5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

SMITH, M GARRETT  
EXECUTIVE VICE PRESIDENT  
(OFFICER)  
5205 N OCONNOR BLVD STE 1400  
IRVING, TEXAS 75039

Number: 00115421-06

## History:

Date	Transaction
-----	-----
05/23/1997	CERTIFICATE OF AUTHORITY
09/27/1998	PUBLIC INFORMATION REPORT FILED
09/27/1998	PUBLIC INFORMATION REPORT FILED
09/27/1998	PUBLIC INFORMATION REPORT FILED
09/27/1998	PUBLIC INFORMATION REPORT FILED
09/27/1998	PUBLIC INFORMATION REPORT FILED

CALL LEXIS DOCUMENT SERVICES FOR ALL YOUR CORPORATE NEEDS. 800-634-9738

LEVEL 1 - 3 OF 22 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY  
BE  
OBTAINED THROUGH THE OFFICE OF THE KANSAS SECRETARY OF STATE \*\*\*

KANSAS SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER EXPLORATION CO.

Mailing Address: 6843 FM 1960 WEST  
HOUSTON, TX 77069-1007

Type: CORPORATION (PROFIT)

Status: MERGED OUT

Filing Date: 2/13/1984

Duration: PERPETUAL

State of Incorporation: KANSAS

Date of Incorporation: 2/13/1984

Registered Agent: PIONEER EXPLORATION CO.

Registered Office: STE K-1 ; 519 S BROADWAY  
WICHITA, KS 67202

Additional Information: 1990/02/28 ANNUAL RPT ON MICROFILM ROLL 0244, FRAME 01957

FEIN: 480976614

Number: 845578

Annual Report:  
Report Due Date: 6/15/1991

Stock:  
Type of Stock: COMMON  
Value of Stock: \$ 1000  
Authorized Quantity: 100  
Par Value: \$ 10.0000  
Convert Common Stock: NO

Officers/Directors/Partners/Members:

YOUNAS CHAUDHARY  
PRESIDENT/SECRETARY/DIRECTOR  
6911 ASHMORE  
HOUSTON, TX 77069

History:





## KANSAS SECRETARY OF STATE, CORPORATE RECORD

DATE	TYPE	COMMENT
2/19/1991	MISCELLANEOUS	MERGED WITH A BUSINESS NOT QUALIFIED IN KANSAS 1990/02/28 ANNUAL REPORT FILED. LOCATED ON MICROFILM ROLL
9/21/1990	MISCELLANEOUS	0244, FRAME 01957 1989/02/28 ANNUAL REPORT FILED. LOCATED ON MICROFILM ROLL
9/12/1989	MISCELLANEOUS	0158, FRAME 01327 1988/02/29 ANNUAL REPORT FILED. LOCATED ON MICROFILM ROLL
9/21/1988	MISCELLANEOUS	0132, FRAME 00762 1987/02/28 ANNUAL REPORT FILED. LOCATED ON MICROFILM ROLL
8/21/1987	MISCELLANEOUS	0083, FRAME 00356 1986/02/28 ANNUAL REPORT FILED. LOCATED ON MICROFILM ROLL
7/29/1986	MISCELLANEOUS	0195, FRAME 01448

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LEVEL 1 - 4 OF 22 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY  
BE  
OBTAINED THROUGH THE OFFICE OF THE UTAH SECRETARY OF STATE \*\*\*

UTAH SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER EXPLORATION

Officer Address: 7462 S PARKRIDGE CIR  
SALT LAKE CITY, UT 84121

Type: CORPORATION (PROFIT)

Status: GOOD STANDING

Filing Date: 6/27/1989

State of Incorporation: UTAH

Date of Incorporation: 6/27/1989

Registered Agent: GREGG B. COLTON

Registered Office: 10026 RIDGE GATE CIRCLE  
SANDY, UT 84092

Number: 137695

Annual Report:  
Report Filed: 4/30/1996

Stock:

Type of Stock: COMMON  
Authorized Quantity: 50000000  
Voting Right: NO  
Convert Common Stock: NO

Officers/Directors/Partners/Members:

DON J. COLTON  
TREASURER/DIRECTOR  
2172 E GAMBEL OAK DR  
SANDY, UT 84092

GREGG B. COLTON  
VICE PRESIDENT/SECRETARY/DIRECTOR  
10026 SRIDGE GATE CR  
SANDY, UT 84092

JOHN O. ANDERSON  
PRESIDENT/DIRECTOR  
7462 S PARKRIDGE CIR



## UTAH SECRETARY OF STATE, CORPORATE RECORD

SALT LAKE CITY, UT 84121

## History:

DATE	TYPE	COMMENT
4/30/1996	MISCELLANEOUS	ANNUAL REPORT FILED BY COUPON SHOWING NO CHANGES FROM PREVIOUS YR.
4/20/1995	MISCELLANEOUS	ANNUAL REPORT FILED BY COUPON SHOWING NO CHANGES FROM PREVIOUS YR.
4/22/1994	MISCELLANEOUS	ANNUAL REPORT FILED BY COUPON SHOWING NO CHANGES FROM PREVIOUS YR.
6/11/1993	MISCELLANEOUS	ANNUAL REPORT FILED BY COUPON SHOWING NO CHANGES FROM PREVIOUS YR.

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LEVEL 1 - 5 OF 22 DOCUMENTS

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BE  
OBTAINED THROUGH THE OFFICE OF THE WYOMING SECRETARY OF STATE \*\*\*

WYOMING SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER EXPLORATION, INC.

Mailing Address: 3257 S PARKER RD #4-605  
AURORA, CO 80014

Type: CORPORATION (PROFIT)

Status: REVOKE (TAX)

Status Date: 3/4/1987

Filing Date: 4/22/1982

State of Incorporation: COLORADO

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 1720 CAREY AVE. BOX 1083  
CHEYENNE, WY 82001

Additional Information: THE LAST ANNUAL REPORT SUBMITTED TO THE STATE WAS  
FOR 1984 STATE REFERENCE # 81141

Number: 1980001921241

Stock:

Type of Stock: COMMON

Authorized Quantity: 10000

Convert Common Stock: NO

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LEVEL 1 - 6 OF 22 DOCUMENTS

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BE  
OBTAINED THROUGH THE OFFICE OF THE WYOMING SECRETARY OF STATE \*\*\*

WYOMING SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER EXPLORATION CO.

Mailing Address: P.O. BOX 691007  
HOUSTON, TX 77269

Type: CORPORATION (PROFIT)

Status: REVOKE (TAX)

Status Date: 3/1/1989

Filing Date: 9/17/1984

State of Incorporation: KANSAS

Registered Agent: MERLE MCCLURE

Registered Office: RECLUSE, WY 82725

Doing Business As: KANSAS PIONEER EXPLORATION COMPANY

Additional Information: THE LAST ANNUAL REPORT SUBMITTED TO THE STATE WAS  
FOR 1986 STATE REFERENCE # 125172

Number: 1984002214721

Stock:

Type of Stock: COMMON  
Authorized Quantity: 100  
Par Value: \$ 10.0000  
Convert Common Stock: NO

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LEVEL 1 - 7 OF 22 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY BE OBTAINED THROUGH THE OFFICE OF THE TEXAS SECRETARY OF STATE AND THE TEXAS COMPTROLLER OF PUBLIC ACCOUNTS. \*\*\*

TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER EXPLORATION COMPANY

Type of Corporation: DOMESTIC PROFIT

Status: DEAD

Status Comment: CHARTER FORFEITED (pursuant to H.B. 776, 51st Legislature)

Status Date: 05/19/1950

Filing Date: 12/29/1930

Duration: PERPETUAL

State of Incorporation: TEXAS

Number: 00058407-00

CALL LEXIS DOCUMENT SERVICES FOR ALL YOUR CORPORATE NEEDS. 800-634-9738



LEVEL 1 - 8 OF 22 DOCUMENTS

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TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER EXPLORATION COMPANY

Doing Business As: KANSAS PIONEER EXPLORATION COMPANY

Principal Place of Business: 6843 FM 1960 WEST  
HOUSTON, TEXAS 77069

Tax Address: PO BOX 691007  
HOUSTON, TEXAS 77269

Type of Corporation: FOREIGN PROFIT

Status: DEAD

Status Comment: WITHDRAWAL (foreign corporation, type 6 and 7 only)

Status Date: 02/08/1991

Filing Date: 09/04/1984

Duration: PERPETUAL

State of Incorporation: KANSAS

Registered Agent: FOR SERVING SOS MAIL TO

Registered Office: P O BOX 691007  
HOUSTON, TEXAS 77269-1007

Tax Year: 1991

State Tax ID: 030008574680

Officers and Directors:  
CHAUDHARY, YOUNAS  
PRESIDENT  
(BOTH OFFICER AND DIRECTOR)  
P O BOX 691007  
HOUSTON, TEXAS 77269-1007

Number: 00063194-06

History:

Date	Transaction
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TEXAS SECRETARY OF STATE, CORPORATE RECORD

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09/05/1989	CHANGE OF REGISTERED AGENT
04/02/1990	MERGER
02/08/1991	WITHDRAWAL
05/17/1991	PUBLIC INFORMATION REPORT FILED WITH NO REVISIONS

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LEVEL 1 - 9 OF 22 DOCUMENTS

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OBTAINED THROUGH THE OFFICE OF THE MINNESOTA SECRETARY OF STATE \*\*\*

MINNESOTA SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER EXPLORATION AND MINING COMPANY

Mailing Address: DULUTH, MN

Type: CORPORATION (PROFIT)

Status: INACTIVE

Filing Date: 7/23/1888

State of Incorporation: MINNESOTA

Date of Incorporation: 7/23/1888

Number: DC20270AA

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LEVEL 1 - 10 OF 22 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY  
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OBTAINED THROUGH THE OFFICE OF THE OKLAHOMA SECRETARY OF STATE \*\*\*

OKLAHOMA SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER EXPLORATION CO.

Type: CORPORATION (PROFIT)

Status: GOOD STANDING

Filing Date: 1/31/1985

State of Incorporation: KANSAS

Registered Agent: RONNIE MERCER

Registered Office: 3021 NEMAHA DR  
MOORE, OK 73160

Agent Status: ACTIVE

Number: FB00429034

Stock:

Type of Stock: COMMON  
Value of Stock: \$ 1000  
Authorized Quantity: 100  
Par Value: \$ 10.0000  
Voting Right: YES  
Convert Common Stock: NO

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LEVEL 1 - 11 OF 22 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY BE OBTAINED THROUGH THE OFFICE OF THE WISCONSIN SECRETARY OF STATE \*\*\*

WISCONSIN SECRETARY OF STATE, CORPORATE/LTD PARTNERSHIP RECORD

NAME: PIONEER EXPLORATION, INC.

TYPE: FOREIGN (OUT-OF-STATE) CORPORATION

STATUS: CERTIFICATE OF AUTHORITY REVOKED As of: 12/02/1985

DATE OF INCORPORATION/QUALIFICATION: 05/07/1984

STATE: COLORADO

REGISTERED AGENT: C T CORPORATION SYSTEM

REGISTERED OFFICE: 222 W WASHINGTON AVE  
MADISON, WI 53703

ANNUAL-REPORT:

Current Report: 0000

CAPITAL/STOCK:

Foreign Paid-In Capital: \$117,000

NUMBER: 2P01571

HISTORY:

Date	Prior Status
_____	_____
1. 05/07/1984	INCORPORATED/QUALIFIED

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LEVEL 1 - 12 OF 22 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY  
BE  
OBTAINED THROUGH THE OFFICE OF THE KANSAS SECRETARY OF STATE \*\*\*

KANSAS SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER EXPLORATION COMPANY

Mailing Address: 15603 KUYKENDAHL STE 221  
HOUSTON, TX 77090-3655

Type: CORPORATION (PROFIT)

Status: CORPORATION IS DELINQUENT

Filing Date: 7/28/1993

Duration: PERPETUAL

State of Incorporation: TEXAS

Date of Incorporation: 7/28/1993

Registered Agent: MARTY NEAL

Registered Office: 24 WEST AVENUE F  
CALDWELL, KS 67022

Additional Information: 1997/12/31 ANNUAL RPT ON MICROFILM ROLL 0551, FRAME 01727

FEIN: 480976614

Number: 2082113

Annual Report:

Report Due Date: 4/15/1999

Officers/Directors/Partners/Members:

CLARK ORDAS  
SECRETARY/DIRECTOR  
15603 KUYKENDAHL, SUITE 210  
HOUSTON, TX 77090-3655

YOUNAS CHAUDHARY  
PRESIDENT/DIRECTOR  
15603 KUYKENDAHL, SUITE 210  
HOUSTON, TX 77090-3655

YOUNAS CHAUDHARY  
DIRECTOR  
23 N. MAIN



## KANSAS SECRETARY OF STATE, CORPORATE RECORD

CALDWELL, KS 67022

## History:

DATE	TYPE	COMMENT
		1997/12/31 ANNUAL REPORT FILED. LOCATED ON MICROFILM ROLL
11/6/1998	MISCELLANEOUS	0551, FRAME 01727
		1997/02/28 ANNUAL REPORT FILED. LOCATED ON MICROFILM ROLL
8/7/1997	MISCELLANEOUS	0492, FRAME 01089
		1996/02/29 ANNUAL REPORT FILED. LOCATED ON MICROFILM ROLL
10/11/1996	MISCELLANEOUS	0456, FRAME 01124
		1995/02/28 ANNUAL REPORT FILED. LOCATED ON MICROFILM ROLL
7/24/1995	MISCELLANEOUS	0405, FRAME 01495
		1994/02/28 ANNUAL REPORT FILED. LOCATED ON MICROFILM ROLL
11/16/1994	MISCELLANEOUS	0391, FRAME 00484

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LEVEL 1 - 13 OF 22 DOCUMENTS

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BE  
OBTAINED THROUGH THE OFFICE OF THE KENTUCKY SECRETARY OF STATE \*\*\*

KENTUCKY SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER EXPLORATION, INC.

Mailing Address: 5670 S. SYRACUSE CR., STE. 306  
ENGLEWOOD, CO 80111

Type: CORPORATION (NON-PROFIT)

Status: INACTIVE

Filing Date: 7/26/1983

State of Incorporation: COLORADO

Registered Agent: ROBERT VICK

Registered Office: 110 E. CT. SQ.  
GREENVILLE, KY 42345

Additional Information: BUSINESS STANDING: BAD

Number: 179999

CALL LEXIS DOCUMENT SERVICES FOR ALL YOUR CORPORATE NEEDS. 800-634-9738



## LEVEL 1 - 14 OF 22 DOCUMENTS

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BE

OBTAINED THROUGH THE OFFICE OF THE LOUISIANA SECRETARY OF STATE \*\*\*

## LOUISIANA SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER EXPLORATION CO.

Mailing Address: 519 S. BROADWAY, STE. 201  
WICHITA, KS 67202

Type: CORPORATION (PROFIT)

Status: CHARTER REVOKED BY SECY OF STATE

Status Date: 11/19/1990

Filing Date: 10/5/1984

State of Incorporation: KANSAS

Additional Information: ENTITY IS NOT IN GOOD STANDING

Number: 34159404F

## Officers/Directors/Partners/Members:

BUSHRA CHAUDHARY  
DIRECTOR  
408 TURQUOISE  
WICHITA, KS 67209

DEAN JONES  
DIRECTOR  
1907 RAVENA  
WICHITA, KS 67219

YOUNAS CHAUDHARY  
DIRECTOR  
408 TURQUOISE  
WICHITA, KS 67209

## History:

DATE	TYPE	COMMENT
9/19/1994	MISCELLANEOUS	STATEMENT OF CHANGE OR CHANGE PRINCIPAL BUSINESS OFFICE FOR NON-LOUISIANA CORPORATION AND PARTNERSHIP
11/19/1990	MISCELLANEOUS	REVOKED; FOR ADD'L DETAILS, SEE AMENDMENT ID 34367529 STATEMENT OF CHANGE OR CHANGE

LOUISIANA SECRETARY OF STATE, CORPORATE RECORD

PRINCIPAL BUSINESS OFFICE FOR  
NON-LOUISIANA CORPORATION AND  
PARTNERSHIP

8/11/1988 MISCELLANEOUS

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## LEVEL 1 - 15 OF 22 DOCUMENTS

\*\*\*THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY BE OBTAINED THROUGH THE OFFICE OF THE COLORADO DEPARTMENT OF STATE.\*\*\*

## COLORADO DEPARTMENT OF STATE, CORPORATE/LTD PARTNERSHIP RECORD

NAME: PIONEER EXPLORATION COMPANY

TYPE: DOMESTIC PROFIT (IN COLORADO)

STATUS: IN GOOD STANDING

FILING-DATE: 06/01/1996

DURATION: PERPETUAL

STATE OF INCORPORATION: COLORADO

ADDRESS: 518 17TH ST STE 1620  
DENVER, CO 80202

REGISTERED AGENT: YANCEY JR THOMAS S

REGISTERED OFFICE: 518 17TH ST STE 1620  
DENVER, CO 80202

## ANNUAL-REPORT:

CURRENT REPORT/NO: 12/10/1998 19981218954

## CAPITAL/STOCK:

	CLASS	PAR VALUE	SHARES/AUTH	SHARES/ISSUED
1.	COMMON	0.0000	50,000	0

NUMBER: 19961064715

## OFFICERS:

YANCEY, THOMAS S  
PRESIDENT/TREASURER  
2306 CRABTREE DRIVE  
LITTLETON, CO 80121YANCEY, FRIEDA E.  
VICE PRESIDENT/SECRETARY  
2306 CRABTREE DRIVE  
LITTLETON, CO 80121

## DIRECTORS:

YANCEY, THOMAS S

## COLORADO DEPARTMENT OF STATE, CORPORATE/LTD PARTNERSHIP RECORD

2306 CRABTREE DRIVE  
LITTLETON, CO 80121

## HISTORY:

1. DATE: 06/01/1996  
TRANSACTION: ARTICLES OF INCORPORATION  
COMMENT: PIONEER EXPLORATION COMPANY...  
DOCUMENT NO: 19961064715
2. DATE: 06/01/1996  
TRANSACTION: ARTICLES OF AMENDMENT  
COMMENT: ARTS REC'D 5/13/96 DELAY EFFECT DATE...
3. DATE: 05/13/1998  
TRANSACTION: REPORT  
COMMENT: CR - 06/01/1998 - 08/31/1998...
4. DATE: 09/23/1998  
TRANSACTION: REPORT  
COMMENT: CR - 09/30/1998 - DA 11/30/1998...
5. DATE: 12/01/1998  
TRANSACTION: DISSOLVED CORPORATION
6. DATE: 12/10/1998  
TRANSACTION: REINSTATEMENT  
DOCUMENT NO: 19981218954

CALL LEXIS DOCUMENT SERVICES FOR ALL YOUR CORPORATE NEEDS. 800-634-9738



## LEVEL 1 - 16 OF 22 DOCUMENTS

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ONLY BE  
OBTAINED THROUGH THE OFFICE OF THE MARYLAND STATE DEPARTMENT OF  
ASSESSMENTS AND  
TAXATION. \*\*\*

## MARYLAND DEPT. OF ASSESSMENTS &amp; TAXATION, CORPORATE RECORD

NAME: PIONEER EXPLORATION, INC.

TYPE: FOREIGN CORPORATION, ORDINARY BUSINESS - STOCK,  
FOREIGN CORPORATION QUALIFIED TO DO BUSINESS IN MARYLAND

STATUS: FORFEITED

STATUS-DATE: 12/13/1985

DATE OF INCORPORATION/QUALIFICATION: 05/31/1984 10:30 AM

## ADDRESS:

MAILING: 3257 S. PARKER ROAD  
AURORA, COLORADO 80014PRINCIPAL: 5670 S. SYRACUSE CIRCLE  
STE. 306  
ENGLEWOOD, COLORADO 80111

STATE OF INCORPORATION/REGISTRATION: COLORADO

RESIDENT AGENT OR REGISTRAR: THE CORPORATION TRUST

RESIDENT AGENT COMMENT: INCORPORATED

RESIDENT/REGISTRAR OFFICE: 32 SOUTH STREET  
BALTIMORE, MARYLAND 21202

NUMBER: F1723014

## HISTORY:

DATE: 12/13/1985

TRANSACTION: AUTHORITY TO DO BUSINESS IN MARYLAND FORFEITED

## TAX HISTORY:

	CURRENT YEAR	PREVIOUS YEAR
PERS. PROPERTY:		
STATE BASE:	0	0
SUB-DIV BASE:	0	0
TOWN BASE:	0	0
ASSESSMENT		
ESTIMATED:	NO	NO
PENALTY AMOUNT:	0	0

PREVIOUS STATUS: FORFEITED AS OF 12/13/1985

FILM/FOLIO: F2652/1896, 3 PAGES

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LEVEL 1 - 17 OF 22 DOCUMENTS

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CALIFORNIA SECRETARY OF STATE, CORPORATE RECORD.

NAME: PIONEER EXPLORATION COMPANY

TYPE OF CORPORATION: STATEMENT AND DESIGNATION BY FOREIGN CORPORATION

CORPORATE STATUS: ACTIVE

DATE OF INCORPORATION/QUALIFICATION: 05/10/1994

MAILING ADDRESS: 15603 KUYKENDAHL STE 221  
HOUSTON, TX 77090-3655

STATE OF INCORPORATION: TX

REGISTERED AGENT: AILEEN PORTER

REGISTERED OFFICE: 10 E WALKER ST  
ORLAND, CA 95963

PRESIDENT: YOUNAS CHAUDHARY  
8902 CYPRESSWOOD DR  
SPRING, TX 77379

STATEMENT OF OFFICERS FILE NUMBER: 508566

STATEMENT OF OFFICERS FILE DATE: 11/18/97

TAX-BASIS: STOCK

CORPORATE NUMBER: 1888214

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LEVEL 1 - 18 OF 22 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY BE OBTAINED THROUGH THE OFFICE OF THE TEXAS SECRETARY OF STATE AND THE TEXAS COMPTROLLER OF PUBLIC ACCOUNTS. \*\*\*

TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: PIONEER EXPLORATION, INC.

Tax Address: 4100 SPRING VALLEY STE 904  
DALLAS, TEXAS 75244

Type of Corporation: DOMESTIC PROFIT

Status: DEAD

Status Comment: CHARTER FORFEITED (failure to pay franchise tax)

Status Date: 11/20/1989

Filing Date: 08/12/1981

Duration: PERPETUAL

State of Incorporation: TEXAS

Registered Agent: ROBERT L. BURNS, SR.

Registered Office: 4100 SPRING VALLEY ROAD, STE. 904  
DALLAS, TEXAS 75234

Capital/Stock: 1,00,000 C. AT NPV

Tax Year: 1988

State Tax ID: 030005921421

Incorporators: B.R. BRANCH, DALLAS, TEXAS

Officers and Directors:

BURNS, R L\*SR

PRESIDENT

(BOTH OFFICER AND DIRECTOR)

4100 SPRING VALLEY ST 904

DALLAS, TEXAS 75234

BURNS, ROBERT L\*JR

VICE PRESIDENT

(BOTH OFFICER AND DIRECTOR)

4100 SPRING VALLEY ST 904

DALLAS, TEXAS 75234



## TEXAS SECRETARY OF STATE, CORPORATE RECORD

BURNS, ROBERT L\*JR  
TREASURER  
(BOTH OFFICER AND DIRECTOR)  
4100 SPRING VALLEY ST 904  
DALLAS, TEXAS 75234

CAVENESS, W B  
EXECUTIVE VICE PRESIDENT AND SECRETARY  
(BOTH OFFICER AND DIRECTOR)  
4100 SPRING VALLEY ST 904  
DALLAS, TEXAS 75234

Number: 00573835-00

## History:

Date	Transaction
-----	-----
08/12/1981	REGISTERED AGENT MAINTENANCE
04/29/1988	PUBLIC INFORMATION REPORT FILED WITH NO REVISIONS
09/05/1989	CHANGE OF REGISTERED AGENT
11/20/1989	TAX FORFEITURE

CALL LEXIS DOCUMENT SERVICES FOR ALL YOUR CORPORATE NEEDS. 800-634-9738

LEVEL 1 - 19 OF 22 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY BE OBTAINED THROUGH THE OFFICE OF THE CALIFORNIA SECRETARY OF STATE. \*\*\*

CALIFORNIA SECRETARY OF STATE, CORPORATE RECORD.

NAME: PIONEER EXPLORATION CO.

TYPE OF CORPORATION: STATEMENT AND DESIGNATION BY FOREIGN CORPORATION

CORPORATE STATUS: FORFEITED

DATE OF INCORPORATION/QUALIFICATION: 10/09/1984

FTB SUSPENSION DATE: 04/01/1986

FTB SUSPENSION CODE: FORFEITED

MAILING ADDRESS: C/O PIONEER  
P O BOX 1307  
WICHITA, KS 67201

STATE OF INCORPORATION: KANSAS

REGISTERED AGENT: SHAKEEL DAVE SAEED

REGISTERED OFFICE: 1101 OLEANDERS ST STE 36  
BAKERSFIELD, CA 93389

TAX-BASIS: STOCK

CORPORATE NUMBER: 1259454

HISTORY:

DATE: 04/01/1986

TRANSACTION: FRANCHISE TAX BOARD FORFEITURE

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LEVEL 1 - 20 OF 22 DOCUMENTS

\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY BE  
OBTAINED THROUGH THE OFFICE OF MICHIGAN CONSUMER & INDUSTRY SERVICES \*\*

MICHIGAN CONSUMER & INDUSTRY SERVICES, CORPORATE RECORD

NAME: PIONEER EXPLORATION, INC.

TYPE: FOREIGN PROFIT

STATUS: INACTIVE

DATE OF INCORPORATION/QUALIFICATION: 05/30/1984

STATUS-DATE: 05/15/1986

STATUS-COMMENT: AUTOMATIC WITHDRAWAL (SEC.922 OF BUSINESS/NONPROFIT CORPORATION  
ACT)

STATE: COLORADO

REGISTERED AGENT: THE CORPORATION COMPANY

REGISTERED OFFICE: 615 GRISWOLD  
DETROIT, MI 48226

NO. OF SHARES AUTHORIZED: 10,000

ANNUAL-REPORT:

DATE: 00

ROLL: 0000

FRAME: 0000

ARE: NO EXTENSION

COMMENT: SEE HISTORY (ANNUAL REPORT)

NUMBER: 620445

CALL LEXIS DOCUMENT SERVICES FOR ALL YOUR CORPORATE NEEDS. 800-634-9738

Search Key: [THE POLUMBUS CORPORA] State: ALL Item: 2/4  
/1

Page 1

Database Ending Date: 06-04-1999

Data source: Dun & Bradstreet, Inc.

D-U-N-S Number: 05-024-9721

Company Name: POLUMBUS CORPORATION

3 PARK CENTRAL 200  
DENVER COLORADO 802022118

Country: USA

SIC Code(s): 1311 CRUDE PETRO NATRL GAS

Telephone No: 3038258193

*Polumbus*  
*merged*

*7/30/99*  
*Colo. - Sec. State.*  
*Good Standing*  
*1 Town Center Road*  
*Boca Raton*  
*Albert J. Costello - Pres.*  
*33486*

*W.R. Grace & CO. - Conn.*  
*Prentke-Hall Corp. System Inc.*  
*1560 Broadway*  
*Denver, 80202*

*14 pgs*



Search Key: [050249721] State: ALL Item: 1/1  
/3

Page 1

D & B BUSINESS RECORDS PLUS

DUNS: 05-024-9721

DATE PRINTED

POLUMBUS CORPORATION

JUL 19 1999

RATING

NQ

(SUBSIDIARY OF GRACE W R &

FORMERLY

CO (INC), NEW YORK, NY)

OI & GAS

3A3

PRODUCTION HOLDING

STARTED

1975

3 PARK CENTRAL SUITE 200

CO

1515 ARAPAHOE

SIC NO.

DENVER CO 80202

13 11

TEL: 303 825-8193

SPECIAL EVENTS

*In  
Gary Columbus  
Attorney 370 17th  
Denver 80202  
(303)628-1500*

*WR Grace + Corporation  
32 River St.  
Troy, NY 12180  
518-270-1023*

*WR Grace + Corporation  
961 Lyell Ave.  
Rochester, NY  
14606  
716-254-2480*

Search Key: [050249721] State: ALL Item: 1/1  
/3

Page 2

D & B BUSINESS RECORDS PLUS  
04/15/86 On Feb 23 1978, Joan Mc Millen reported subject is now a  
divisonal brandh of W R Grace and Company and operates as Polumbus,  
Company.

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\* \* \* CUSTOMER SERVICE \* \* \*  
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If you have questions about this report, please call our Customer Service  
Center at 1-800-234-3867 from anywhere within the U.S. If you are outside the  
U.S., contact your local D&B office.

\*\*\* Additional Decision Support Available \*\*\*

Additional D&B products, credit recommendations and specialized investigations  
are available to help you evaluate this company or its industry. Call Dun &  
Bradstreet's Solution Center at 1-800-362-3425 from anywhere within the U.S.



C O R P O R A T E   G L O B A L

Searching the following files for:  
POLUMBUS COMPANY

Matches found in file(s)		No matches found in file(s)	
-----		-----	
OH CORP	OK CORP/LP	NV LP	NY CORP/LP
TX CORP/LP	WY CORP	OR CORP/LP	PA CORP/LP
		PA CORP-FICT OWN	RI CORP/LP
		SC CORP/LP	SC CORP-PRIOR NMS
		SD CORP/LP	TN CORP/LP
		TX CORP-INSURANCE	UT CORP/LP
		VA CORP	VT CORP
		WA CORP/LP	WI CORP/LP
		WV CORP	

23RD DOCUMENT of Level 1 printed in FULL format.

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY  
BE  
OBTAINED THROUGH THE OFFICE OF THE NEW MEXICO SECRETARY OF STATE \*\*\*

NEW MEXICO SECRETARY OF STATE, CORPORATE RECORD

Name: POLUMBUS PETROLEUM CORPORATION

Type: CORPORATION (PROFIT)

Status: MERGED OUT

Filing Date: 8/10/1977

Duration: PERPETUAL

State of Incorporation: COLORADO

Date of Incorporation: 8/10/1977

Additional Information: REPORT CODE:NEW

Number: 929844

History:

DATE TYPE

11/6/1978 MISCELLANEOUS

8/10/1977 MISCELLANEOUS

COMMENT

FOREIGN MERGER; MERGING INTO  
GRACE PETROLEUM CORPORATION (NY)

0786343

CERTIFICATE OF AUTHORITY; POLUMBUS  
PETROLEUM CORPORATION, AUTHORIZED  
IS \$ 1,000,000/PERPETUAL

*Grace Petroleum*

CALL LEXIS DOCUMENT SERVICES FOR ALL YOUR CORPORATE NEEDS. 800-634-9738



Database Ending Date: 06-04-1999

Data source: Dun & Bradstreet, Inc.

D-U-N-S Number: 05-024-9721

Company Name: POLUMBUS CORPORATION

3 PARK CENTRAL 200

DENVER COLORADO 802022118

Country: USA

SIC Code(s): 1311 CRUDE PETRO NATRL GAS

Telephone No: 3038258193

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WORLDBASE BUSINESS ABSTRACT REPORT

Database Ending Date: 06-04-1999

Agency: Dun & Bradstreet, Inc.

Report Date: 01-13-1977

D-U-N-S Number: 05-024-9721

Name: POLUMBUS CORPORATION

Address: 3 PARK CENTRAL 200

DENVER COLORADO 802022118

Country: USA

Telephone No: 3038258193

MA0|International Business Abstract



Line of Business: CRUDE PTRLM NAT GAS

Business Type: SINGLE LOCATION

SIC Codes(s): 1311 CRUDE PETRO NATRL GAS

County: DENVER

Year Started: 1975

This Business Is: Not an importer/exporter

Employees Here: 40

Employees Total: 40

Sales Volume: \$N/A

Latest Annual Sales: \$2,500,000

MA0|International Business Abstract

D & B B U S I N E S S R E C O R D S P L U S

DUNS: 05-024-9721	DATE PRINTED		
POLUMBUS CORPORATION	JUL 07 1999	RATING	NQ
(SUBSIDIARY OF GRACE W R &			FORMERLY
CO (INC), NEW YORK, NY)	OI & GAS		3A3
	PRODUCTION HOLDING	STARTED	1975
3 PARK CENTRAL SUITE 200	CO		
1515 ARAPAHOE	SIC NO.		
DENVER CO 80202	13 11		
TEL: 303 825-8193			

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SPECIAL EVENTS

MA0|Business Information



04/15/86 D & B BUSINESS RECORDS PLUS  
On Feb 23 1978, Joan Mc Millen reported subject is now a  
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Company.

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MA0|Business Information

D & B BUSINESS RECORDS PLUS			
DUNS: 05-024-9721	DATE PRINTED		
POLUMBUS CORPORATION	JUL 07 1999	RATING	NQ
(SUBSIDIARY OF GRACE W R &			FORMERLY
CO (INC), NEW YORK, NY)	OI & GAS		3A3
	PRODUCTION HOLDING	STARTED	1975
3 PARK CENTRAL SUITE 200	CO		
1515 ARAPAHOE	SIC NO.		
DENVER CO 80202	13 11		
TEL: 303 825-8193			

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SPECIAL EVENTS

MA0|Business Information



04/15/86            D & B   B U S I N E S S   R E C O R D S   P L U S  
                  On Feb 23 1978, Joan Mc Millen reported subject is now a  
                  divisonal brandh of W R Grace and Company and operates as Polumbus,  
                  Company.

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\* \* \*    C U S T O M E R   S E R V I C E    \* \* \*

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are available to help you evaluate this company or its industry. Call Dun &  
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MA0|Business Information

Database Ending Date: 06-04-1999

Data source: Dun & Bradstreet, Inc.

D-U-N-S Number: 15-615-6655

Company Name: GRACE WR & COMPANY INC

Trade Name: DAVIDSON CHEMICAL COMPANY

P O BOX 35125

TULSA OKLAHOMA 741530125

Country: USA

SIC Code(s): 5169 CHEM/ALLIED PRDTS NEC

Telephone No: 9187459906



D & B BUSINESS RECORDS PLUS  
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WORLDBASE BUSINESS ABSTRACT REPORT

Database Ending Date: 06-04-1999

Agency: Dun & Bradstreet, Inc.

Report Date: 08-25-1986

D-U-N-S Number: 15-615-6655

Name: GRACE, WR & COMPANY INC

Address: P O BOX 35125

TULSA OKLAHOMA 741530125

Country: USA

Telephone No: 9187459906

Country: USA

MA0|International Business Abstract

D & B B U S I N E S S R E C O R D S P L U S

Related Name: DAVIDSON CHEMICAL COMPANY  
Line of Business: CHEM ALLD PRDTS NEC  
Business Type: SINGLE LOCATION

SIC Codes(s): 5169 CHEM/ALLIED PRDTS NEC

County: TULSA

This Business Is: Not an importer/exporter

Employees Here: 1  
Employees Total: N/A

Sales Volume: \$N/A  
Latest Annual Sales: \$N/A

MA0|International Business Abstract



D & B B U S I N E S S R E C O R D S P L U S

DUNS: 15-615-6655  
GRACE, WR & COMPANY INC  
DAVIDSON CHEMICAL COMPANY

DATE PRINTED

JUL 07 1999

RATING

NQ  
FORMERLY  
BRANCH

P.O. BOX 35125  
TULSA OK 74153  
TEL: 918-745-9906

WHOLESALE CATALYSTS

SIC NO.

51 69

BOB PAULSEN

=====

SPECIAL EVENTS

MA0|Business Information



Dun &amp; Bradstreet

## Company Reports

## Comprehensive Report: Samson Investment Company

The following is the report you requested. This report will remain on file for 5 days.

Monitor your accounts to learn about changes that can affect your business relationships. Click on Continuous Monitoring to register this company, or to learn more.

Continuous Monitoring

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ATTN: ross

## COMPREHENSIVE REPORT

DUNS: 15-352-0663

SAMSON INVESTMENT COMPANY  
(INC)

2 WEST 2ND STREET  
AKA: SAMSON PLAZA  
AND BRANCH(ES) OR DIVISION(S)  
TULSA OK 74103  
TEL: 918 583-1791

FINANCIAL STRESS CLASS: 1  
CREDIT SCORE CLASS: 4

## KEY

LOWEST RISK			HIGHEST RISK	
1	2	3	4	5

SIC: 13 11 73 53 50 82

LINE OF BUSINESS: OIL & GAS EXPLORATION & PRODUCTION & GAS MARKETER

YEAR STARTED: 1986

CONTROL DATE: 1986

DATE PRINTED: OCT 04 2000

CHIEF EXECUTIVE: JACK W SCHANCK, CO-CEO

## EXECUTIVE SUMMARY

- The Financial Stress Class of 1 for this company shows that during the previous year, firms with this classification had a failure rate of .37% (37 per 10,000), which is lower than the national average.
- The Credit Score Class of 4 for this company shows that during the previous year, 26.2% of the firms with this classification paid one or more bills severely delinquent, which is 1.58 times higher than the national average.
- Subject company pays its bills an average 19 days beyond terms.
- Subject company's industry pays its bills an average 15 days beyond terms.
- Subject company pays its bills slower than the average for its industry.
- Special events are reported for this business.
- UCC filing(s) are reported for this business.
- Under present management control 14 years.
- No record of open Suit(s), Lien(s), or Judgment(s) in the D&B database.
- History is clear.

## CREDIT CAPACITY SUMMARY



D&B Rating:	1R3	Payment Activity	
		(based on 19 experiences):	
# of Employees		Average High Credit:	\$3,830
Total:	1,475	Highest Credit:	\$20,000
	(400 Here)	Total Highest Credits:	\$69,000

Worth: -  
Working Capital: -

=====

SPECIAL EVENTS

06/26/00 PURCHASE OF ASSET: On June 26, 2000, Scott Rowland, manager of acquisitions, stated Samson Investment Company (Inc) (Tulsa, OK) announced the completion of its.  
Acquisition of natural gas well reserve properties in East Texas from Torch E & P Company and Bellwether Exploration Company (Houston, TX). The total purchase was \$10.5 million.

=====

FINANCIAL STRESS SUMMARY

The Financial Stress Model predicts the likelihood of a firm ceasing business without paying all creditors in full, or reorganizing or obtaining relief from creditors under state/federal law over the next 12 months. Scores were calculated using a statistically valid model derived from D&B's extensive data files.

Financial Stress Class:	1
(Highest Risk: 5; Lowest Risk: 1)	
Incidence of Financial Stress Among Companies with this Classification:	0.37% (37 per 10,000)
Incidence of Financial Stress:	0.80% (80 per 10,000)
- National Average	
Financial Stress National Percentile:	41
(Highest Risk: 1; Lowest Risk: 100)	
Financial Stress Score:	1429
(Highest Risk: 1,001; Lowest Risk: 1,850)	

The Financial Stress Class for this company is based on the following factors:

- Payment experiences exist for this firm which are greater than 60 days past due.
- 37% of trade experiences indicate slow payment(s) are present.
- No open record of suit(s) in the D&B files.
- No record of open lien(s), or judgements(s) in the D&B files.

Notes:

- The Financial Stress Class indicates that this firm shares some of the same business and financial characteristics of other companies with this classification. It does not mean the firm will necessarily experience financial stress.
- The Incidence of Financial Stress shows the percentage of firms in a given Class that discontinued operations over the past year with loss

to creditors. The Incidence of Financial Stress - National Average represents the national failure rate and is provided for comparative purposes.

- The Financial Stress National Percentile reflects the relative ranking of a company among all scorable companies in D&B's file.
- The Financial Stress Score offers a more precise measure of the level of risk than the Class and Percentile. It is especially helpful to customers using a scorecard approach to determining overall business performance.
- All Financial Stress Class, Percentile, Score and Incidence statistics are based on 1997.

=====

#### FINANCIAL STRESS NORMS

Norms for Companies in the Same ...	National Percentile
- Region (WEST SOUTH CENTRAL)	45
- Industry: NATURAL RESOURCES	48
- Employee Range (500+)	82
- Years in Business Range (11-25)	65
- Subject Company	41

#### Key Comparisons

The subject company has a Financial Stress Percentile that shows:

- Higher risk than other companies in the same region.
- Higher risk than other companies in the same industry.
- Higher risk than other companies in the same employee size range.
- Higher risk than other companies with a comparable number of years in business.

=====

#### CREDIT SCORE SUMMARY

The Credit Score Class predicts the likelihood of a firm paying in a severely delinquent manner (90+ Days Past Terms) over the next twelve months. It was calculated using statistically valid models and the most recent payment information in D&B's files.

Credit Score Class:	4
Incidence of Delinquent Payment Among Companies with this Classification:	26.20%
Percentile:	28

The Credit Score Class for this company is based on the following factors:

- 37% of trade experiences indicate slow payment(s) are present.
- Payment experiences exist for this firm which are greater than 60 days past due.
- No record of open suit(s), lien(s) or judgment(s) in the D&B files.

Notes:



- The Incidence of Delinquent Payment is the percentage of companies with this classification that were reported 90 days past due or more by creditors. The calculation of this value is based on an inquiry weighted sample.
- The Percentile ranks this firm relative to other businesses. For example, a firm in the 80th percentile has a lower risk of paying in a severely delinquent manner than 79% of all scorable companies in D&B's files.

=====

#### CREDIT SCORE NORMS

Norms for Companies in the Same ...	National Percentile
- Region (WEST SOUTH CENTRAL)	51
- Industry: NATURAL RESOURCES	57
- Employee Range (500+)	42
- Years in Business Range (11-25)	56
- Subject Company	28

#### Key Comparisons

The subject company has a Credit Score Percentile that shows:

- Higher risk than other companies in the same region.
- Higher risk than other companies in the same industry.
- Higher risk than other companies in the same employee size range.
- Higher risk than other companies with a comparable number of years in business.

=====

#### PAYMENT TRENDS

PAYDEX scores below are based on dollar weighted trade in most recent 12 mos.

	'98	'99	'99	'99	'99	'99	'00	'00	'00	'00	'00	'00	'00	'00	'00	'00
	DEC	MAR	JUN	SEP	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT
FIRM	64	63	53	57	57	58	58	58	58	56	59	66	66	67	66	66
Industry																
Quartiles																
Upper	76	75	75	75		75			75			76				
Median	71	70	70	70		70			69			70				
Lower	65	63	63	64		64			63			65				

Industry PAYDEX based on:

SIC: 1311

150 Firms

KEY TO PAYDEX SCORES:

76 6 Days Beyond Terms

70 15 Days Beyond Terms

53 28 Days Beyond Terms

=====

#### SUMMARY OF PAYMENT HABITS

Dollar Range Comparisons:

Suppliers That	Number of	Total	% of Dollars
Extend Credit of...	Experiences:	Amount	Within Terms

	#	\$	%
OVER \$100,000	0	0	0
\$50,000 - 99,999	0	0	0
\$15,000 - 49,999	1	20,000	100
\$ 5,000 - 14,999	5	40,000	56
\$ 1,000 - 4,999	5	6,500	69
Under 1,000	7	2,450	72

=====

PAYMENT ANALYSIS BY INDUSTRY

There are 19 payment experiences in D&B's file for the most recent 12 months, with 8 experiences reported during the last three month period.

	Total Recd #	Dollar Amount \$	Highest Credit \$	Within Terms ---	Slow 1-30 %	Slow 31-60 %	Slow 61-90 %	Slow 91+ %
Total in D&B's File	19	69,000	20,000					
Industry								
Telephone communictns	6	32,750	20,000	65	1	15	17	2
Mfg misc office eqpt	2	2,750	2,500	100	0	0	0	0
Ret mail-order house	2	350	250	14	86	0	0	0
Help supply service	1	10,000	10,000	100	0	0	0	0
Misc business service	1	7,500	7,500	100	0	0	0	0
Mfg manifold forms	1	7,500	7,500	0	0	50	0	50
Nonclassified	1	5,000	5,000	100	0	0	0	0
Whol service paper	1	1,000	1,000	100	0	0	0	0
Whol office supplies	1	1,000	1,000	100	0	0	0	0
Whol furniture	1	1,000	1,000	0	100	0	0	0
Radiotelephone commun	1	100	100	100	0	0	0	0

OTHER PAYMENT CATEGORIES:

Cash Experiences	0	0
Paying Record Unknown	1	50
Unfavorable Comments	0	0
Placed for Collection		
with D&B	0	0
other	0	N/A

Indications of slowness can be the result of disputes over merchandise, skipped invoices, etc.

=====

PUBLIC FILINGS SUMMARY

The following data includes both open and closed filings found in D&B's database on the subject company.

Record Type	#	Most Recent Filing Date
Bankruptcy Proceedings	0	-
Judgments	0	-
Liens	0	-
Suits	0	-
UCC's	2	07/28/2000

=====

PUBLIC FILINGS DETAIL



\* \* \* UCC FILING(S) \* \* \*

COLLATERAL: Leased Business machinery/equipment including proceeds and products  
FILING NO: 0041059 DATE FILED: 07/28/2000  
TYPE: Original LATEST INFO RECEIVED: 08/09/2000  
SEC. PARTY: UNION BANK AND TRUST CO, OKC, OK FILED WITH: OKLAHOMA CENTRAL  
DEBTOR: SAMSON INVESTMENT COMPANY FILING OFFICE/UCC  
DIVISION, OK

## HISTORY

.../ProductRetriever.asp?REQUESTTYPE=getreport&WIPLINK=244234.COMHQ.103.915466 10/4/00



C PHIL THOLEN born 1948. Graduated from University of Tulsa, Tulsa, OK with a BS in accounting. After college until 1977 audit manager for Arthur Andersen & Co, Tulsa, OK. 1977-present with Samson Resources Company (Inc), Tulsa, OK. Is a certified public accountant. 1986-present active here.

STACY SCHUSTERMAN. Antecedents unavailable.

JACK A CANON born 1949. Graduated from Quincy College, Quincy, IL in 1971. Completed law degree from University of Tulsa, Tulsa, OK in 1976. 1976-78 served in the U S Navy. 1978-81 self employed attorney, Tulsa, OK; discontinued orderly. 1981-83 general counsel for Terra Resources Inc, Tulsa, OK. Oct 1983-present active in subsidiaries.

#### OPERATIONS

08/09/00 Through subsidiaries, engaged in oil and gas exploration and production, specifically crude petroleum and natural gas, owns oil and gas properties, sells public offerings of drilling programs, leases and sells drilling rigs and leases gas well head compressors. Percentage breakdown was unavailable. Properties are throughout territory served.

Terms: Net 30 days. Sells to oil and gas companies and pipelines. Territory : Oklahoma, Kansas, Texas, California, Arkansas, Colorado and Louisiana.

EMPLOYEES: 1,475 which includes officer(s). 400 employed here.

FACILITIES: Leases 90,000 sq. ft. in multi story steel and glass

LOCATION: Central business section on well traveled street.

BRANCHES: This business has multiple branches, detailed branch/division information is available in Dun & Bradstreet's linkage or family tree products.

SUBSIDIARIES: SAMSON RESOURCES COMPANY (INC), Tulsa, OK; started 1971 (present control 1986). DUNS number 05-594-3096. Engaged in oil and gas exploration and production. Intercompany relations: None reported.

SAMSON PROPERTIES INCORPORATED, Tulsa, OK; started 1972 (present control 1986). DUNS number 09-846-6402. Owns oil and gas properties and is a general partner in the public limited partnerships that the company offers.

SAMSON SECURITIES CO (INC), Tulsa, OK; started 1981 (present control 1986). DUNS number 16-152-1059. Is a registered broker dealer with the Securities & Exchange Commission, selling the public offerings of the drilling programs offered by the company.

CONTINENTAL DRILLING COMPANY INC, Tulsa, OK; started 1986. DUNS 04-678-1522. Leases and sells drilling rigs.

EASON DRILLING CO, Tulsa, OK; started 1988. DUNS number 00-790-6308. Engaged in oil and gas drilling.

SAMSON CANADA LTD, Calgary, Alberta, Canada; started 1991. Active in the oil and gas industry in Canada.

SAMSON INTERNATIONAL LTD, Tulsa, OK; started 1991. Active in the oil and gas industry internationally.

SAMSON-FIREBIRD LTD, Komi Republic, Russia; started 1992. Active in the oil and gas industry in this republic.

Intercompany relations for all but Samson Resources Company (Inc): Shares management and accounting functions and services. All of the above subsidiaries are 100% owned by the parent company.

=====

#### FINANCIAL SUMMARY

#### KEY BUSINESS RATIOS

#### NOTE:

D&B has been unable to obtain sufficient financial information from this



company to calculate business ratios. Our check of additional outside sources also found no information available on its financial performance.

To help you in this instance, ratios for other firms in the same industry are provided below to support your analysis of this business.

(Industry Norms Based on 34 Establishments)

	Profitability %		Short-Term Solvency		Efficiency (%)	Utilization (%)
	Return on Sales	Return on Net Worth	Curr Ratio	Quick Ratio	Assets/ Sales	Total Liabs/ Net Worth
Firm	UN	UN	UN	UN	UN	UN
Industry Median	3.5	6.8	1.2	0.9	325.8	169.0
Industry Quartile	UN	UN	UN	UN	UN	UN

UN = Unavailable

06/26/00 On JUN 26 2000 Scott Rowland, manager acquisitions, deferred financial information.

CUSTOMER SERVICE

If you need any additional information, or have any questions regarding this report, please call our Customer Service Center at (800) 234-3867 from anywhere within the U.S. From outside the U.S., please call your local D&B office.

END OF COMPREHENSIVE REPORT

Monitor your accounts to learn about changes that can affect your business relationships. Click on Continuous Monitoring to register this company, or to learn more.

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Lists

## Company Information

Business Name:	Samson Investment Company Inc
D&B® D-U-N-S® Number:	15-352-0663
Address:	2 W 2nd St
City:	Tulsa
State/Province:	Oklahoma
Country:	USA
Zip/Post Code:	741033123
Telephone:	9185831791
Operating Status:	Active
Executive(s):	Jack W Schanck, Co-Ceo Charles Schusterman C Phil Tholen Jack A Canon Stacy Schusterman Craig Loseke Patrick Hall
Industry Sector(s):	1311 - Crude petroleum and natural gas 7353 - Heavy construction equipment rental 5082 - Construction and mining machinery
Year Started:	1986
Employees Here:	400
Total Employees:	1475
Annual Sales (US\$ 000):	371,000
Annual Sales (Local Currency 000):	371000
Business Structure:	This is a HEADQUARTERS Location
Headquarters Parent D&B® D-U-N-S®:	15-352-0663 Samson Investment Company Inc
Domestic Ultimate D&B® D-U-N-S®:	15-352-0663 Samson Investment Company Inc
Global Ultimate D&B® D-U-N-S®:	15-352-0663 Samson Investment Company Inc
Global Ultimate D-U-N-S Country:	USA
Marketability Code:	YES

[New Search](#)

To receive a Business Information Report, select a language  
then [click here](#).

English and





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## Company Reports

**Business Information Report: Samson Hydrocarbons Company**

The following is the report you requested. This report will remain on file for 5 days.

Monitor your accounts to learn about changes that can affect your business relationships. Click on Continuous Monitoring to register this company, or to learn more.

[Continuous Monitoring](#)

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ATTN: ross

\*IN DATE\*

DUNS: 87-819-1121  
SAMSON HYDROCARBONS COMPANY  
(INC)

2 W 2ND ST  
TULSA OK 74103  
TEL: 918 583-1791

DATE PRINTED  
OCT 04 2000

MINING SERVICES  
SIC NO.  
12 41

RATING	--
STARTED	1978
EMPLOYS	UNDETERMINED
HISTORY	CLEAR

CHIEF EXECUTIVE: CHARLES SCHUSTERMAN, PRINCIPAL

## =====

## \* \* \* CUSTOMER SERVICE \* \* \*

=====

If you have questions about this report, please call our Customer Service Center at 1-800-234-3867 from anywhere within the U.S. If you are outside the U.S., contact your local D&B office.

\*\*\* Additional Decision Support Available \*\*\*

Additional D&B products, credit recommendations and specialized investigations are available to help you evaluate this company or its industry. Call Dun & Bradstreet's Solution Center at 1-800-362-3425 from anywhere within the U.S.

## =====

## \* \* \* SUMMARY ANALYSIS \* \* \*

=====

The Summary Analysis section reflects information in D&B's file as of October 2, 2000.

## RATING SUMMARY . . . .

The absence of a Rating (--) indicates that the information available to D&B does not permit us to assign a Rating to this business. In this

case, no Rating was assigned because the number of employees is undetermined.

Below is an overview of the company's D&B Rating(s) since 01/20/95:

RATING	DATE APPLIED
--	01/20/95

\*\*\*\*\*  
\* \* \* PAYMENT SUMMARY \* \* \*  
\*\*\*\*\*

D&B has not received a sufficient sample of payment experiences to establish a PAYDEX score.

D&B receives over 315 million payment experiences each year. We enter these new and updated experiences into D&B Reports as this information is received. At this time, none of those experiences relate to this company.

FINANCE

07/26/00 On July 25, 2000 repeated attempts to contact this business where unsuccessful.

HISTORY  
07/26/00

CHARLES SCHUSTER  
DIRECTOR(S): TH

Business st  
officers.

CHARLES SCH  
engineer, Tulsa,  
Company (Inc), T

Affiliates:  
management and/c  
OK, started 1986  
exploration and

*Date: 10/9/00*  
*F NA*  
*T NA*  
*Content: print*  
*out from*  
*Web site on*  
*Samson Hydro-*  
*Carbon Company*

etermined.

ital stock is owned by

67-86 self employed petroleum  
s with Samson Investment

ced through common principals,  
vestment Company (inc), Tulsa,  
operates as an oil and gas

OPERATION

07/26/00

Mining services.

EMPLOYEES: Undetermined which includes officer(s).

FACILITIES: Shares premises in multi story building.

LOCATION: Central business section on well traveled street.

10-04(1XL /184)

99999

071184184

FULL DISPLAY COMPLETE

Monitor your accounts to learn about changes that can affect your business relationships. Click on Continuous Monitoring to register this company, or to learn more.



case, no Rating was assigned because the number of employees is undetermined.

Below is an overview of the company's D&B Rating(s) since 01/20/95:

RATING	DATE APPLIED
--	01/20/95

\*\*\*\*\*  
\* \* \* PAYMENT SUMMARY \* \* \*  
\*\*\*\*\*

D&B has not received a sufficient sample of payment experiences to establish a PAYDEX score.

D&B receives over 315 million payment experiences each year. We enter these new and updated experiences into D&B Reports as this information is received. At this time, none of those experiences relate to this company.

\*\*\*\*\*  
FINANCE

07/26/00      On July 25, 2000 repeated attempts to contact this business where unsuccessful.

\*\*\*\*\*  
HISTORY

07/26/00

CHARLES SCHUSTERMAN, PRINCIPAL  
DIRECTOR(S): THE OFFICER(S) and Undetermined.

Business started 1978. 100% of capital stock is owned by officers.

CHARLES SCHUSTERMAN born 1936. 1957-86 self employed petroleum engineer, Tulsa, OK. 1986 and continues with Samson Investment Company (Inc), Tulsa, OK.

Affiliates: The following are related through common principals, management and/or ownership. Samson Investment Company (inc), Tulsa, OK, started 1986. DUNS #15-352-0663. Operates as an oil and gas exploration and gas marketing company.

\*\*\*\*\*  
OPERATION

07/26/00

Mining services.

EMPLOYEES: Undetermined which includes officer(s).

FACILITIES: Shares premises in multi story building.

LOCATION: Central business section on well traveled street.

10-04(1XL /184)      99999      071184184

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---

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## Company Information

Business Name:	Samson Operating Company Limited Partnership
D&B® D-U-N-S® Number:	78-808-4671
Tradestyle(s):	Samson Investment Company
Address:	2 W 2nd St
City:	Tulsa
State/Province:	Oklahoma
Country:	USA
Zip/Post Code:	741033123
Telephone:	9185831791
Operating Status:	Active
Executive(s):	Gerald Schusterman, Pres C Philip Tholen
Industry Sector(s):	1311 - Crude petroleum and natural gas
Year Started:	1985
Employees Here:	500
Total Employees:	500
Annual Sales (US\$ 000):	123,100
Annual Sales (Local Currency 000):	123100
Business Structure:	This is a SINGLE Location
Marketability Code:	YES

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Lists

## Company Information

Business Name:	Samson Hydrocarbons Company (inc)
D&B® D-U-N-S® Number:	87-819-1121
Address:	2 W 2nd St
City:	Tulsa
State/Province:	Oklahoma
Country:	USA
Zip/Post Code:	741033123
Telephone:	9185831791
Operating Status:	Active
Executive(s):	Charles Schusterman, Principal Pat Hall
Industry Sector(s):	1241 - Coal mining services
Year Started:	1978
Business Structure:	This is a SINGLE Location
Marketability Code:	YES

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*Company Reports***Business Information Report: S N G Marketing Company**

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ATTN: ross

## RATING CHANGE

Our information indicates this business is no longer active at this location. If you have reason to believe this business is currently operating, please call our Customer Service Center at the phone number listed below to request an investigation.

DUNS: 80-124-5994  
S N G MARKETING COMPANY  
(SUBSIDIARY OF SAMSON  
INVESTMENT COMPANY (INC),  
TULSA, OK)

2 WEST 2ND ST  
TULSA OK 74103  
TEL: 918 583-1791

## DATE PRINTED

OCT 04 2000

## RATING

NQ

FORMERLY

## MARKETING SERVICES

DS

## SIC NO.

## STARTED

1984

73 11

## SPECIAL EVENTS

05/22/96 On May 21 & 22 Samson Investment Company Inc, Duns # 15-352-0663, was contacted. Three messages were left with the legal department to confirm the operations of the captioned business. None of the messages were returned. The Texas Secretary of State shows the status of the captioned corporation as merged out. The captioned phone number is the same for the parent company and is at the same location. Amount of unsatisfied debt, if any is undetermined.

\* \* \* CUSTOMER SERVICE \* \* \*

If you have questions about this report, please call our Customer Service Center at 1-800-234-3867 from anywhere within the U.S. If you are outside the U.S., contact your local D&B office.



## \*\*\* Additional Decision Support Available \*\*\*

Additional D&B products, credit recommendations and specialized investigations are available to help you evaluate this company or its industry. Call Dun & Bradstreet's Solution Center at 1-800-362-3425 from anywhere within the U.S.

10-04 (903 /903)

153520663

071071071

FULL DISPLAY COMPLETE

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*Company Reports***Business Information Report: S N G Transporter, Inc**

The following is the report you requested. This report will remain on file for 5 days.

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ATTN: ross

\*\*\*UPDATE AVAILABLE ON REQUEST\*\*\*

THE "DS" INDICATOR ASSIGNED TO THIS BUSINESS MEANS THAT THE LIMITED INFORMATION CURRENTLY IN THE D&B FILE DOES NOT ALLOW US TO CLASSIFY IT WITHIN OUR RATING SYSTEM.

WE ARE PROVIDING THIS INFORMATION TO YOU IN THE INTEREST OF SPEED WITHOUT HAVING COMPLETED AN INVESTIGATION. THEREFORE, THIS REPORT MAY NOT REFLECT THE CURRENT STATUS OF THIS BUSINESS. D&B CAN INVESTIGATE THIS BUSINESS AND UPDATE THIS INFORMATION BASED ON THE RESULTS OF THAT INVESTIGATION.

BY ORDERING A STANDARD INVESTIGATION THE SAME DAY YOU ORDER THIS REPORT, AN UPDATED REPORT WILL BE PROVIDED TO YOU AT NO EXTRA COST.

DUNS: 80-124-6539

Parent DUNS 15-352-0663

S N G TRANSPORTER, INC  
(SUBSIDIARY OF SAMSON  
INVESTMENT COMPANY (INC),  
TULSA, OK)

DATE PRINTED  
OCT 04 2000

RATING DS

UNDETERMINED  
SIC NO.  
99 99

2 W 2ND ST  
TULSA OK 74103  
TEL: 918 583-1791

RECORD TYPE: DUNS SUPPORT

\* \* \* CUSTOMER SERVICE \* \* \*

If you have questions about this report, please call our Customer Service Center at 1-800-234-3867 from anywhere within the U.S. If you are outside the U.S., contact your local D&B office.



## \*\*\* Additional Decision Support Available \*\*\*

Additional D&B products, credit recommendations and specialized investigations are available to help you evaluate this company or its industry. Call Dun & Bradstreet's Solution Center at 1-800-362-3425 from anywhere within the U.S.

## =====

## \* \* \* SUMMARY ANALYSIS \* \* \*

## RATING SUMMARY . . . .

A Summary Analysis is not available at this time.

## =====

## \* \* \* PAYMENT SUMMARY \* \* \*

D&B has not received a sufficient sample of payment experiences to establish a PAYDEX score.

D&B receives over 315 million payment experiences each year. We enter these new and updated experiences into D&B Reports as this information is received. At this time, none of those experiences relate to this company.

## =====

## OPERATION

03/18/93      Subsidiary of Samson Investment Company (Inc), Tulsa, OK.

THE INFORMATION IN THE "PAYMENTS", "PUBLIC FILINGS" AND OTHER SECTIONS, WHEN PRESENT, MAY NOT RELATE TO THIS BUSINESS DUE TO POSSIBLE CHANGES IN OWNERSHIP, CONTROL, OR LEGAL STATUS SINCE THE DATA WAS COLLECTED.

10-04 (6AO /105)

153520663

071 211

FULL DISPLAY COMPLETE

Monitor your accounts to learn about changes that can affect your business relationships. Click on Continuous Monitoring to register this company, or to learn more.

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## Company Reports

**Business Information Report: Samson Resources Company**

The following is the report you requested. This report will remain on file for 5 days.

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ATTN: ross

\*IN DATE\*

DUNS: 05-594-3096	DATE PRINTED	SUMMARY
<u>SAMSON RESOURCES COMPANY (INC)</u>	OCT 04 2000	RATING 1R3
<u>(SUBSIDIARY OF SAMSON</u>		
<u>INVESTMENT COMPANY (INC),</u>	OIL & GAS	STARTED 1971
<u>TULSA, OK)</u>	PRODUCTION	EMPLOYS 137 (70 HERE)
	SIC NO.	HISTORY CLEAR
	13 11	

2 WEST 2ND ST  
AND BRANCH(ES) OR DIVISION(S)  
(AKA: SAMSON PLAZA)  
TULSA OK 74103  
TEL: 918 583-1791

CHIEF EXECUTIVE: C PHIL THOLEN, CO-PRES

## SPECIAL EVENTS

04/03/00 PURCHASE OF ASSET: According to published reports, Abraxas Petroleum Corp (San Antonio, TX) announced the sale of a group of non-core properties, the assets held by Abraxas Wamsutter LP, as well as certain other contiguous assets. The sale included interests in 57 natural gas wells and gross leasehold of approximately 15,000 acres. The properties are located in Sweetwater and Carbon Counties, WY. The buyer is Samson Resources Co (Tulsa, OK).

\* \* \* CUSTOMER SERVICE \* \* \*

If you have questions about this report, please call our Customer Service Center at 1-800-234-3867 from anywhere within the U.S. If you are outside the U.S., contact your local D&B office.

\*\*\* Additional Decision Support Available \*\*\*



Additional D&B products, credit recommendations and specialized investigations are available to help you evaluate this company or its industry. Call Dun & Bradstreet's Solution Center at 1-800-362-3425 from anywhere within the U.S.

=====

\* \* \* SUMMARY ANALYSIS \* \* \*

=====

The Summary Analysis section reflects information in D&B's file as of October 2, 2000.

RATING SUMMARY . . . .

The "1R" portion of the Rating (the Rating Classification) indicates business size of 10 or more employees for this company. The "3" on the right (Composite Credit Appraisal) indicates an overall "fair" credit appraisal. This credit appraisal was assigned because the payment information in D&B's file on this company indicates slowness in meeting trade obligations and the open suits, liens or judgments in D&B's file.

Below is an overview of the company's D&B Rating(s) since 01/01/91:

RATING	DATE APPLIED
-----	-----
1R3	02/22/99
--	01/01/91

=====

\* \* \* PAYMENT SUMMARY \* \* \*

=====

The Payment Summary section reflects payment information in D&B's file as of the date of this report.

The PAYDEX for this company is 49.

This PAYDEX score indicates that payments to suppliers average 33 days beyond terms, weighted by dollar amounts. When dollar amounts are not considered, approximately 73% of the company's payments are within terms.

Below is an overview of the company's dollar-weighted payments, segmented by its suppliers' primary industries:

	TOTAL RCV'D	TOTAL DOLLAR AMOUNTS	LARGEST HIGH CREDIT	% W/IN TERMS	DAYS SLOW			
	#	\$	\$	%	<31	31-60	61-90	91+
					%	%	%	%
Total in D&B's file	52	1,015,250	600,000					
Top 10 Industries:								
1 Nonclassified	7	141,100	40,000	86	14	-	-	-
2 Oil/gas production	5	88,500	55,000	16	7	-	77	-
3 Radiotelephone commun	5	5,600	2,500	100	-	-	-	-
4 Trucking non-local	4	23,750	15,000	51	49	-	-	-
5 Whol industrial equip	2	125,000	65,000	50	24	-	-	26
6 Misc equipment rental	2	7,500	5,000	67	-	-	33	-
7 Oil/gas field service	1	600,000	600,000	-	-	100	-	-
8 Mfg oil/gas machinery	1	5,000	5,000	50	50	-	-	-
9 Misc business service	1	2,500	2,500	100	-	-	-	-
10 Misc sanitary service	1	2,500	2,500	-	100	-	-	-
11 OTHER INDUSTRIES	22	13,550	2,500	83	9	8	-	-

## Other Payment Categories:

Cash experiences	0	0	0
Payment record unknown	1	250	250
Unfavorable comments	0	0	0
Placed for collection			
with D&B	0	0	
other	0	N/A	

The highest "Now Owes" on file is \$300,000

The highest "Past Due" on file is \$200,000

D&B receives over 315 million payment experiences each year. We enter these new and updated experiences into D&B Reports as this information is received.

PAYMENTS (Amounts may be rounded to nearest figure in prescribed ranges)

Antic - Anticipated (Payments received prior to date of invoice)  
 Disc - Discounted (Payments received within trade discount period)  
 Ppt - Prompt (Payments received within terms granted)

REPORTED	PAYING RECORD	HIGH CREDIT	NOW OWES	PAST DUE	SELLING TERMS	LAST SALE WITHIN
09/00	Ppt	2500	1000	-0-		1 Mo
	Ppt	2500	-0-	-0-	N30	6-12 Mos
	Ppt	1000	-0-	-0-	1 10 N30	4-5 Mos
08/00	Ppt	40000	40000	-0-	N30	1 Mo
	Ppt	35000	35000	-0-	N30	1 Mo
	Ppt	10000	-0-	-0-	N30	6-12 Mos
	Ppt	2500	2500	-0-		1 Mo
	Ppt	2500	2500	-0-	N30	1 Mo
	Ppt	2500	-0-	-0-	N30	2-3 Mos
	Ppt	1000	1000	-0-		1 Mo
	Ppt	750	750	-0-		1 Mo
	Ppt	750	750	-0-	N30	1 Mo
	Ppt	500	500	-0-	N30	1 Mo
	Ppt	500	500	-0-		1 Mo
	Ppt	500	-0-	-0-	N30	2-3 Mos
	Ppt	50	50	-0-	N30	1 Mo
	Ppt	50	-0-	-0-		2-3 Mos
	Ppt	50	-0-	-0-		6-12 Mos
	Ppt-Slow 30	40000	35000	-0-	N30	1 Mo
	Ppt-Slow 30	2500	-0-	-0-	N15	6-12 Mos
	Ppt-Slow 30	1000	250	-0-	N30	1 Mo
	Ppt-Slow 30	250	250	100	N30	1 Mo
	Ppt-Slow 30	50	50	-0-		1 Mo
	Ppt-Slow 90	25000	-0-	-0-	N15	6-12 Mos
	Ppt-Slow 90	5000	-0-	-0-	N30	6-12 Mos
	Slow 60	1000	1000	1000		2-3 Mos
	Slow 90	55000	-0-	-0-	N15	6-12 Mos
	Slow 90	1000	-0-	-0-		6-12 Mos
07/00	Ppt	250	-0-	-0-		4-5 Mos
	Ppt	50	-0-	-0-		6-12 Mos
	Ppt-Slow 30	15000	-0-	-0-		4-5 Mos
	Ppt-Slow 30	7500	7500	1000		1 Mo
06/00	Ppt	100	100	-0-	N30	1 Mo
	Ppt-Slow 15	1000	1000	50	N30	1 Mo
	Ppt-Slow 120	65000	50000	30000		1 Mo
	Slow 30	250	-0-	-0-		6-12 Mos



05/00	Ppt	15000	15000	-0-		1 Mo
	Ppt	100	50	-0-		1 Mo
	Slow 30	5000	2500	750	N30	1 Mo
04/00	Ppt	2500	2500	-0-		1 Mo
	Ppt-Slow 30	500	100	-0-	N15	1 Mo
03/00	Ppt	50	-0-	-0-		6-12 Mos
	Ppt-Slow 60	250	-0-	-0-		2-3 Mos
02/00	Ppt-Slow 30	60000	15000	-0-		1 Mo
01/00	(045)	250	-0-	-0-		6-12 Mos
12/99	Ppt		-0-	-0-		6-12 Mos
10/99	Ppt	1000	-0-	-0-		1 Mo
	Ppt	250	-0-	-0-		6-12 Mos
	Ppt-Slow 30	250	250	50		1 Mo
	Slow 30	2500	-0-	-0-	N30	6-12 Mos
	Slow 45	600000	300000	200000		1 Mo
09/99	Ppt-Slow 30	5000	5000	-0-	N30	1 Mo

\* Payment experiences reflect how bills are met in relation to the terms granted. In some instances payment beyond terms can be the result of disputes over merchandise, skipped invoices etc.

\* Each experience shown represents a separate account reported by a supplier. Updated trade experiences replace those previously reported.

## FINANCE

03/29/00 The principals were unavailable for interview.

## PUBLIC FILINGS

The following data is for information purposes only and is not the official record. Certified copies can only be obtained from the official source.

If it is indicated that there are defendants other than the report subject, the lawsuit may be an action to clear title to property and does not necessarily imply a claim for money against the subject.

\* \* \* SUIT(S) \* \* \*

CASE NO.: CV9700015500

PLAINTIFF: TILLEY RON

STATUS: Dismissed

DEFENDANT: SAMSON RESOURCES

DATE STATUS ATTAINED: 10/06/1999

WHERE FILED: PICKENS COUNTY CIRCUIT COURT,  
CARROLLTON, AL

DATE FILED: 12/22/1997

LATEST INFO RECEIVED: 11/19/1999

DOCKET NO.: 41196

PLAINTIFF: WAGNER AND BROWN LTD

STATUS: Pending

DEFENDANT: SAMSON RESOURCES COMPANY  
and OTHERS

DATE STATUS ATTAINED: 08/22/1996

DATE FILED: 08/22/1996

WHERE FILED: MIDLAND COUNTY CIVIL DISTRICT  
COURT, MIDLAND, TX

LATEST INFO RECEIVED: 09/27/1996

DOCKET NO.: H92-2751

SUIT AMOUNT: \$118,167

STATUS: Pending

PLAINTIFF: PIONEER EXPLORATION COMPANY

DATE STATUS ATTAINED: 09/08/1992

DEFENDANT: SAMSON RESOURCES CO.

DATE FILED: 09/08/1992

CAUSE: Debt, non-payment

LATEST INFO COLLECTED: 10/09/1992

WHERE FILED: UNITED STATES DISTRICT COURT,



## HOUSTON, TX

CASE NO.: 604419

PLAINTIFF:	PIONEER EXPLORATION COMPANY, HOUSTON, TX	STATUS: Pending	
DEFENDANT:	SAMSON RESOURCES CO.	DATE STATUS ATTAINED:	07/10/1992
CAUSE:	Debt, non-payment	DATE FILED:	07/10/1992
WHERE FILED:	HARRIS COUNTY COURT AT LAW, HOUSTON, TX	LATEST INFO RECEIVED:	10/14/1993

DOCKET NO.: 92-28973-334

PLAINTIFF:	ENRON OIL & GAS COMPANY	STATUS: Removed to federal court	
DEFENDANT:	SAMSON RESOURCES COMPANY	DATE STATUS ATTAINED:	08/07/1992
CAUSE:	Breach of contract	DATE FILED:	06/29/1992
WHERE FILED:	HARRIS COUNTY CIVIL DISTRICT COURT, HOUSTON, TX	LATEST INFO RECEIVED:	08/12/1993

DOCKET NO.: CJ90-4888

PLAINTIFF:	PUBLIC SERVICE CO OF OK OKLAHOMA NATURAL GAS	STATUS: Pending	
DEFENDANT:	SAMSON RESOURCES CO	DATE STATUS ATTAINED:	10/05/1990
CAUSE:	forcible entry and detainer	DATE FILED:	10/05/1990
WHERE FILED:	TULSA COUNTY DISTRICT COURT, TULSA, OK	LATEST INFO RECEIVED:	06/02/1993

DOCKET NO.: C-90-63

PLAINTIFF:	MARIETTA ROYALTY CO	STATUS: Pending	
DEFENDANT:	SAMSON RESOURCES COMPANY (INC)	DATE STATUS ATTAINED:	09/04/1990
WHERE FILED:	ROGER MILLS COUNTY DISTRICT COURT, CHEYENNE, OK	DATE FILED:	09/04/1990
		LATEST INFO COLLECTED:	10/15/1991

DOCKET NO.: C-90-1280-D

PLAINTIFF:	MERIDIAN OIL PRODUCTION INC EL PASO NATURAL GAS COMPANY	STATUS: Pending	
DEFENDANT:	SAMSON RESOURCES COMPANY (INC)	DATE STATUS ATTAINED:	08/09/1990
WHERE FILED:	U S DISTRICT COURT, OKLAHOMA CITY, OK	DATE FILED:	08/09/1990
		LATEST INFO COLLECTED:	10/15/1991

DOCKET NO.: C-90-361-W

PLAINTIFF:	TEXACO PRODUCING INC	STATUS: Pending	
DEFENDANT:	SAMSON RESOURCES COMPANY INC	DATE STATUS ATTAINED:	03/05/1990
WHERE FILED:	OKLAHOMA CITY COUNTY DISTRICT COURT, OKLAHOMA CITY, OK	DATE FILED:	03/05/1990
		LATEST INFO COLLECTED:	10/15/1991

DOCKET NO.: CJ-89-1829

PLAINTIFF:	HARRELL ENERGY CO, ANDERMAN OIL CORP, SUNRISE EXPLORATION CO, ST MARY PARRISH LAND CO	STATUS: Pending	
DEFENDANT:	SAMSON RESOURCES COMPANY (INC)	DATE STATUS ATTAINED:	04/10/1989
WHERE FILED:	TULSA COUNTY DISTRICT COURT, TULSA, OK	DATE FILED:	04/10/1989
		LATEST INFO RECEIVED:	06/02/1993

\* \* \* LIEN(S) \* \* \*

A lienholder can file the same lien in more than one filing location. The appearance of multiple liens filed by the same lienholder against a debtor may be indicative of such an occurrence.

FILING NO.: 99005469

AMOUNT:	\$1,044	STATUS: Open	
TYPE:	County Tax	DATE STATUS ATTAINED:	01/13/1999
FILED BY:	TAX COLLECTOR	DATE FILED:	01/13/1999



LATEST INFO COLLECTED: 02/08/1999

LATEST INFO RECEIVED: 09/09/1992

\* \* \* UCC FILING(S) \* \* \*

FILED WITH: SECRETARY OF  
STATE/UCC DIVISION,  
AL

THOMAS R DIMELOW, CO-PRES  
BILL H MCLAUGHLIN, V PRES OF  
OPER+  
STEVEN E AREA, SR V PRES+  
DAVID B BRADFORD, ASST SEC

.../ProductRetriever.asp?REQUESTTYPE=getreport&WIPLINK=244234.BIRHO.92.93011970.10/4/00



stock of subject and its former subsidiaries was transferred to the new parent company. Charles Schusterman owns majority interest in the parent as he did in subject. Effective control date remains 1971.

C PHIL THOLEN born 1948. Graduated from the University of Tulsa 1970. 1970-77 employed with Arthur Andersen & Co, Tulsa, OK. 1977-present active here. 1986-present he has been active with the parent company.

THOMAS R DIMELOW. Antecedents undetermined.

GREGG E FAIRBROTHERS born 1955. Received BS degree from Dartmouth College, Hanover, NH, MS from Rutgers University, New Brunswick, NJ and MBA from University of Tulsa, Tulsa, OK in 1980. 1980-present active here.

BILL H MCLAUGHLIN born 1949. Attended and graduated with BS degree in engineering from University of Oklahoma, Norman, OK in 1971. 1971-77 employed by Exxon Corporation, Tulsa, OK, as a petroleum engineer. 1977-present active here.

SAM D PARKER born 1947. Attended and graduated with a BS degree in industrial engineering from University of Texas, Arlington, TX and a masters of science degree in industrial engineering from Texas Tech University, Lubbock, TX. 1968-80 employed by Exxon Corporation, Tulsa, OK as a senior supervising reservoir engineer. 1980-present active here.

STEVEN E AREA born 1951. Attended and graduated with a BS degree in political science/journalism from University of Arkansas, Fayetteville, AR and attained a JD degree from University of Tulsa, Tulsa, OK in 1978. 1974-78 commercial loan officer for Bank of Oklahoma, Tulsa, OK. 1978-80 employed by Arco, Tulsa, OK. 1980-81 employed by Amerada Hess Corporation, Tulsa, OK as landman. 1981-present active here.

JUDY F HUGHES born 1946. 1965-73 employed by Conrad Industries, Sand Springs, OK. 1973-76 employed by Reading & Bates (Inc), Tulsa, OK. 1976-78 employed by Mid-America Federal Savings & Loan, Tulsa, OK. 1978-present active here.

DAVID B BRADFORD born 1953. Graduated from Texas Tech University, Lubbock, TX with a BS degree in petroleum engineering in 1976. 1976-Oct 1979 employed by Amoco Production, Tyler, TX. 1979-Jan 1981 employed by Superior Oil, Woodlands, TX and Cortez, CO. 1981-present active here.

Related through the interest of parent:

SAMSON PROPERTIES INCORPORATED, Tulsa, OK; started 1972, Duns #09-846-6402. General partner in the public limited partnerships in which subject participates.

SAMSON SECURITIES CO INC, Tulsa, OK; started 1981, Duns #16-152-1059. Is a registered broker dealer with the Securities & Exchange Commission selling the public offerings of the drilling programs offered by the parent.

SAMSON NATURAL GAS COMPANY, acquired 1993, Tulsa, OK, no Duns number available. Engaged in crude oil and natural gas exploration and production.

Intercompany relations for all: Reportedly shares management, accounting functions and services.

=====

OPERATION  
09/13/00

Subsidiary of SAMSON INVESTMENT COMPANY (INC), TULSA, OK started 1986 which operates as oil and gas production, exploration, marketing, leasing drilling rigs, oil well compressors, security broker and administration. Parent company owns 100% of capital stock. Intercompany relations: Shares facilities, management and administrative functions.

Reference is made to the report on the parent, D-U-N-S



#15-352-0663, for background information on that company and its management. No financial information is available.

Engaged in crude oil and natural gas exploration and production.

Terms are net 30 days. Sells to oil and gas companies. Territory : United States and Canada. Concentrated in Arkansas, California, Kansas, Oklahoma and Texas.

Nonseasonal.

EMPLOYEES: 137 which includes officer(s). 70 employed here.

FACILITIES: Leases 90,000 sq. ft. in multi story steel and concrete building. Space occupied is on several floors.

LOCATION: Central business section on main street.

BRANCHES: This business has multiple branches, detailed branch/division information is available in Dun & Bradstreet's linkage or family tree products.

10-04(3VU /001) 99999 153520663 071184184 H

FULL DISPLAY COMPLETE

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March 18, 2000 - GTO



Dun &amp; Bradstreet

*Company Reports***Business Information Report: Samson Natural GAS Company**

The following is the report you requested. This report will remain on file for 5 days.

Monitor your accounts to learn about changes that can affect your business relationships. Click on Continuous Monitoring to register this company, or to learn more.

[Continuous Monitoring](#)

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ATTN: ross

\*IN DATE\*

DUNS: 04-678-1522	DATE PRINTED	SUMMARY
SAMSON NATURAL GAS COMPANY	OCT 04 2000	RATING 1R3
(INC)		
(SUBSIDIARY OF SAMSON	NATURAL GAS	STARTED 1986
INVESTMENT COMPANY (INC),	MARKETING & OIL	EMPLOYS 300(270 HERE)
TULSA, OK)	FIELD EQUIPMENT	HISTORY CLEAR
+SAMSON PRODUCTION SERVICES	RENTAL	FINANCING SECURED
+PREMIER GAS		
+SAMSON EXPLORATION COMPANY	SIC NOS.	
+TOTAL COMPRESSION	49 24 73 53 13 11	
INDUSTRIES	13 81	

2 WEST SECOND ST  
AND BRANCH(ES) OR DIVISION(S)  
(SAMPSON PLAZA)  
TULSA OK 74103  
TEL: 918 583-1791

CHIEF EXECUTIVE: C PHILIP THOLEN, PRESIDENT

\* \* \* CUSTOMER SERVICE \* \* \*

If you have questions about this report, please call our Customer Service Center at 1-800-234-3867 from anywhere within the U.S. If you are outside the U.S., contact your local D&B office.

\*\*\* Additional Decision Support Available \*\*\*

Additional D&B products, credit recommendations and specialized investigations are available to help you evaluate this company or its industry. Call Dun & Bradstreet's Solution Center at 1-800-362-3425 from anywhere within the U.S.

\* \* \* SUMMARY ANALYSIS \* \* \*



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The Summary Analysis section reflects information in D&B's file as of October 2, 2000.

#### RATING SUMMARY . . . .

The "1R" portion of the Rating (the Rating Classification) indicates business size of 10 or more employees for this company. The "3" on the right (Composite Credit Appraisal) indicates an overall "fair" credit appraisal. This credit appraisal was assigned because the payment information in D&B's file on this company indicates slowness in meeting trade obligations and the open suits, liens or judgments in D&B's file.

Below is an overview of the company's D&B Rating(s) since 01/01/91:

RATING	DATE APPLIED
-----	-----
1R3	02/22/99
--	01/01/91

#### =====

#### \* \* \* PAYMENT SUMMARY \* \* \*

#### =====

The Payment Summary section reflects payment information in D&B's file as of the date of this report.

The PAYDEX for this company is 76.

This PAYDEX score indicates that payments to suppliers average 6 days beyond terms, weighted by dollar amounts. When dollar amounts are not considered, approximately 86% of the company's payments are within terms.

Below is an overview of the company's dollar-weighted payments, segmented by its suppliers' primary industries:

	TOTAL RCV'D	TOTAL DOLLAR AMOUNTS	LARGEST HIGH CREDIT	% W/IN TERMS	DAYS SLOW			
					<31	31-60	61-90	91+
	#	\$	\$	%	%	%	%	%
Total in D&B's file	11	78,350	45,000					
Top 10 Industries:								
1 Ret-direct selling	1	45,000	45,000	100	-	-	-	-
2 Oil/gas production	1	15,000	15,000	50	50	-	-	-
3 Petroleum refining	1	5,000	5,000	50	-	50	-	-
4 Misc business service	1	5,000	5,000	100	-	-	-	-
5 Ret mail-order house	1	2,500	2,500	100	-	-	-	-
6 Mfg corrugated boxes	1	2,500	2,500	100	-	-	-	-
7 Telephone communictns	1	2,500	2,500	100	-	-	-	-
8 Misc computer service	1	500	500	100	-	-	-	-
9 Misc publishing	1	250	250	50	50	-	-	-
10 Misc business credit	1	50	50	100	-	-	-	-
11 OTHER INDUSTRIES	1	50	50	100	-	-	-	-

#### Other Payment Categories:

Cash experiences	0	0	0
Payment record unknown	0	0	0
Unfavorable comments	0	0	0

Placed for collection  
     with D&B                   0                   0  
     other                      0                   N/A

The highest "Now Owes" on file is \$30,000  
 The highest "Past Due" on file is \$1,000

D&B receives over 315 million payment experiences each year. We enter these new and updated experiences into D&B Reports as this information is received.

=====

PAYMENTS (Amounts may be rounded to nearest figure in prescribed ranges)

Antic - Anticipated (Payments received prior to date of invoice)  
 Disc - Discounted (Payments received within trade discount period)  
 Ppt - Prompt (Payments received within terms granted)

REPORTED	PAYING RECORD	HIGH CREDIT	NOW OWES	PAST DUE	SELLING TERMS	LAST SALE WITHIN
09/00	Ppt-Slow 30	250	-0-	-0-	N30	6-12 Mos
08/00	Ppt	45000	30000	-0-	N30	1 Mo
	Ppt	2500	-0-	-0-		6-12 Mos
	Ppt	2500	-0-	-0-		2-3 Mos
	Ppt	50	50	-0-	N30	1 Mo
	Ppt	50	-0-	-0-	N10	4-5 Mos
	Ppt-Slow 30	15000	-0-	-0-	N15	6-12 Mos
	Ppt-Slow 60	5000	1000	1000		6-12 Mos
06/00	Ppt	2500	-0-	-0-	N30	2-3 Mos
	Ppt	500	-0-	-0-	N30	6-12 Mos
10/99	Ppt	5000	5000	-0-		1 Mo

\* Payment experiences reflect how bills are met in relation to the terms granted. In some instances payment beyond terms can be the result of disputes over merchandise, skipped invoices etc.

\* Each experience shown represents a separate account reported by a supplier. Updated trade experiences replace those previously reported.

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FINANCE

01/10/00           On JAN 10 2000 Katie Moore, Hr Assistant, declined all information.

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PUBLIC FILINGS

The following data is for information purposes only and is not the official record. Certified copies can only be obtained from the official source.

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If it is indicated that there are defendants other than the report subject, the lawsuit may be an action to clear title to property and does not necessarily imply a claim for money against the subject.

-----

\* \* \* SUIT(S) \* \* \*

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DOCKET NO.: 41196

PLAINTIFF: WAGNER AND BROWN LTD

STATUS: Pending



DOCKET NO.:	9333022127	
PLAINTIFF:	\$16,250-BETELGEUSE PRODUCTION	STATUS: Pending
DEFENDANT:	SAMSON PRODUCTION SERVICES CO	DATE STATUS ATTAINED: 06/24/1993
WHERE FILED:	HARRIS COUNTY CIVIL DISTRICT	DATE FILED: 06/24/1993
	COURT, HOUSTON, TX	LATEST INFO RECEIVED: 12/04/1993

DOCKET NO.: 00099260	
AMOUNT: \$468	STATUS: Open
TYPE: County Tax	DATE STATUS ATTAINED: 10/22/1993
FILED BY: COUNTY TAX COLLECTOR	DATE FILED: 10/22/1993
AGAINST: PRODUCTION POWER, RIO VISTA, CA	LATEST INFO RECEIVED: 11/04/1993
WHERE FILED: SOLANO COUNTY RECORDER OF DEEDS FAIRFIELD, CA	

COLLATERAL:	Inventory	DATE FILED:	01/06/1995
FILING NO:	N00069	LATEST INFO RECEIVED:	02/16/1995
TYPE:	Original	FILED WITH:	OKLAHOMA CENTRAL
SEC. PARTY:	IBM CORPORATION, DALLAS, TX		FILING OFFICE/UCC
DEBTOR:	SAMSON PRODUCTION SERVICES CO.		DIVISION, OK

The public record items contained in this report may have been paid, terminated, vacated or released prior to the date this report was printed.

AUTH SHARES-COMMON: 500  
PAR VALUE-COMMON: \$0.0050



Business started 1980 by Long Horn Oil & Gas Inc. Present control succeeded Dec 1986. 100% of capital stock is owned by parent company.

C PHILIP THOLEN born 1948. 1969-77 employed with Arthur Andersen & Co, Tulsa, OK. 1977-present officer with parent company under previous control and 1986-present under current control. 1986-present active here.

JUDY HUGHES. Background information is unavailable.

ANNABEL M JONES. Background information is unavailable.

AFFILIATES: The following are related through the parent company.

EASON DRILLING COMPANY, Tulsa, OK. Started 1988. DUNS number 00-790-6308. Management consultant. Intercompany relations: Consist of service transactions.

SAMSON RESOURCES COMPANY (INC), Tulsa, OK; started 1971 (present control 1986). Operates as oil and gas exploration and production. DUNS number 05-594-3096. Intercompany relations: None reported by management.

SAMSON PROPERTIES INC, Tulsa, OK; started 1972 (present control 1986). 100% owned. Owns oil and gas properties and is general partner in the public limited partnerships. DUNS number 09-846-6402. Intercompany relations: None reported by management.

SAMSON SECURITIES CO (INC), Tulsa, OK; started 1981 (present control 1986). Is a registered broker/dealer with the Securities & Exchange Commission, selling the public offerings of the drilling programs offered by the parent. DUNS number 16-152-1059. Intercompany relations: Consist of occasional service transactions.

=====

OPERATION  
08/03/00

Subsidiary of SAMSON INVESTMENT COMPANY (INC), TULSA, OK started 1986 which operates as an oil and gas exploration, production and service company. Parent company owns 100% of capital stock. Intercompany relations: None reported by management.

As noted, this company is a subsidiary of Samson Investment Company (Inc), DUNS number 15-352-0663, and reference is made to that report for background information on the parent company and its management. Financial details are unavailable.

Operations are as follows: Markets natural gas (42%) under the tradestyle Premier Gas, oil field equipment rental (38%) under the name Total Compression Industries and oil and gas well exploration and production (13%) and oil and gas well drilling (7%) under the name Samson Exploration Company. Subject also has another division using the tradestyle Samson Production Services which provides accounting and administrative services. No revenues are recognized under this division.

Terms: Net 30 days. Sells to oil and gas producers. Territory : Upper Midwest United States and California. Nonseasonal.

EMPLOYEES: 300 which includes officer(s). 270 employed here.

FACILITIES: Rents 80,000 sq. ft. in a multi story steel and glass building. Shares premises with parent company.

LOCATION: Central business section on well traveled street.

BRANCHES: Enid and Elk City, OK, Tyler, TX, and Vernal, UT. Operations are the same as headquarters.

SUBSIDIARIES: Dyco Petroleum Corporation, Tulsa, OK. (100%) chartered 1991. Operates as an oil & gas exploration & production co. Intercompany relations: None reported by management. DUNS number 06-653-7895. Financial information was unavailable.

10-04(3XE /001) 00000 153520663 071184184 H



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March 18, 2000 - GTO



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## Company Reports

# Comprehensive Report: Samson Operating Co Ltd Partn

The following is the report you requested. This report will remain on file for 5 days.

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ATTN: ross

### COMPREHENSIVE REPORT

DUNS: 78-808-4671  
SAMSON OPERATING COMPANY  
LIMITED PARTNERSHIP  
SAMSON INVESTMENT COMPANY

FINANCIAL STRESS CLASS: 1  
CREDIT SCORE CLASS: 3

TWO W SECOND ST  
TULSA OK 74103  
TEL: 918 583-1791

#### KEY

LOWEST RISK			HIGHEST RISK	
1	2	3	4	5

SIC: 13 11

LINE OF BUSINESS: OIL & GAS EXPLORATION & PRODUCTION

YEAR STARTED: 1985

CONTROL DATE: 1985

DATE PRINTED: OCT 04 2000

GERALD SCHUSTERMAN, PRES

### EXECUTIVE SUMMARY

- The Financial Stress Class of 1 for this company shows that during the previous year, firms with this classification had a failure rate of .37% (37 per 10,000), which is lower than the national average.
- The Credit Score Class of 3 for this company shows that during the previous year, 10.4% of the firms with this classification paid one or more bills severely delinquent, which is lower than the national average.
- Subject company's industry pays its bills an average 15 days beyond terms.
- UCC filing(s) are reported for this business.
- Under present management control 15 years.
- No record of open Suit(s), Lien(s), or Judgment(s) in the D&B database.
- History is clear.

### CREDIT CAPACITY SUMMARY

D&B Rating: --

Payment Activity  
(based on 2 experiences):  
Average High Credit: \$3,000



# of Employees		Highest Credit:	\$5,000
Total:	500	Total Highest Credits:	\$6,000
Worth:	-		
Working Capital:	-		

## =====

## FINANCIAL STRESS SUMMARY

The Financial Stress Model predicts the likelihood of a firm ceasing business without paying all creditors in full, or reorganizing or obtaining relief from creditors under state/federal law over the next 12 months. Scores were calculated using a statistically valid model derived from D&B's extensive data files.

Financial Stress Class:	1
(Highest Risk: 5; Lowest Risk: 1)	
Incidence of Financial Stress Among Companies with this Classification:	0.37% (37 per 10,000)
Incidence of Financial Stress: - National Average	0.80% (80 per 10,000)
Financial Stress National Percentile:	54
(Highest Risk: 1; Lowest Risk: 100)	
Financial Stress Score:	1455
(Highest Risk: 1,001; Lowest Risk: 1,850)	

The Financial Stress Class for this company is based on the following factors:

- 50% of trade experiences indicate slow payment(s) are present.
- No open record of suit(s) in the D&B files.
- No record of open lien(s), or judgements(s) in the D&B files.

## Notes:

- The Financial Stress Class indicates that this firm shares some of the same business and financial characteristics of other companies with this classification. It does not mean the firm will necessarily experience financial stress.
- The Incidence of Financial Stress shows the percentage of firms in a given Class that discontinued operations over the past year with loss to creditors. The Incidence of Financial Stress - National Average represents the national failure rate and is provided for comparative purposes.
- The Financial Stress National Percentile reflects the relative ranking of a company among all scorable companies in D&B's file.
- The Financial Stress Score offers a more precise measure of the level of risk than the Class and Percentile. It is especially helpful to customers using a scorecard approach to determining overall business performance.
- All Financial Stress Class, Percentile, Score and Incidence statistics are based on 1997.

## =====

## FINANCIAL STRESS NORMS

Norms for Companies in the Same ...	National Percentile
- Region (WEST SOUTH CENTRAL)	45
- Industry: NATURAL RESOURCES	48
- Employee Range (500+)	82
- Years in Business Range (11-25)	65
- Subject Company	54

## Key Comparisons

The subject company has a Financial Stress Percentile that shows:

- Lower risk than other companies in the same region.
- Lower risk than other companies in the same industry.
- Higher risk than other companies in the same employee size range.
- Higher risk than other companies with a comparable number of years in business.

## ===== CREDIT SCORE SUMMARY

The Credit Score Class predicts the likelihood of a firm paying in a severely delinquent manner (90+ Days Past Terms) over the next twelve months. It was calculated using statistically valid models and the most recent payment information in D&B's files.

Credit Score Class: 3

Incidence of Delinquent Payment Among  
Companies with this Classification: 10.40%

Percentile: 63

The Credit Score Class for this company is based on the following factors:

- 50% of trade experiences indicate slow payment(s) are present.
- No record of open suit(s), lien(s) or judgment(s) in the D&B files.

## Notes:

- The Incidence of Delinquent Payment is the percentage of companies with this classification that were reported 90 days past due or more by creditors. The calculation of this value is based on an inquiry weighted sample.
- The Percentile ranks this firm relative to other businesses. For example, a firm in the 80th percentile has a lower risk of paying in a severely delinquent manner than 79% of all scorable companies in D&B's files.

## ===== CREDIT SCORE NORMS

Norms for Companies in the Same ...	National Percentile
- Region (WEST SOUTH CENTRAL)	51
- Industry: NATURAL RESOURCES	57
- Employee Range (500+)	42



- Years in Business Range (11-25)	56
- Subject Company	63

## Key Comparisons

The subject company has a Credit Score Percentile that shows:

- Lower risk than other companies in the same region.
- Lower risk than other companies in the same industry.
- Lower risk than other companies in the same employee size range.
- Lower risk than other companies with a comparable number of years in business.

## ===== PAYMENT TRENDS

PAYDEX scores below are based on dollar weighted trade in most recent 12 mos.

	'98	'99	'99	'99	'99	'99	'00	'00	'00	'00	'00	'00	'00	'00	'00	'00
	DEC	MAR	JUN	SEP	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT
FIRM	UN	UN	UN	UN	UN	UN	UN	UN	UN	UN	UN	UN	UN	UN	UN	UN
Industry																
Quartiles																
Upper	76	75	75	75		75			75				76			
Median	71	70	70	70		70			69				70			
Lower	65	63	63	64		64			63				65			

Industry PAYDEX based on:

SIC: 1311

150 Firms

## KEY TO PAYDEX SCORES:

76 6 Days Beyond Terms

70 15 Days Beyond Terms

63 20 Days Beyond Terms

## ===== PAYMENTS

## Note:

Recent PAYDEX score(s) cannot be calculated due to insufficient payment information on the subject company. In the absence of these scores, the following section lists those detailed payment records that are available in D&B's data files to help you with your review of this business.

Antic - Anticipated (Payments received prior to date of invoice)

Disc - Discounted (Payments received within trade discount period)

Ppt - Prompt (Payments received within terms granted)

REPORTED	PAYING RECORD	HIGH CREDIT	NOW OWES	PAST DUE	SELLING TERMS	LAST SALE WITHIN
04/00	Ppt-Slow 30	1000	750	-0-	N15	1 Mo
10/99	Ppt	5000	5000	-0-		1 Mo

\* Payment experiences reflect how bills are met in relation to the terms granted. In some instances payment beyond terms can be the result of disputes over merchandise, skipped invoices etc.

\* Each experience shown represents a separate account reported by a supplier. Updated trade experiences replace those previously reported.

## ===== PUBLIC FILINGS SUMMARY

The following data includes both open and closed filings found in D&B's database on the subject company.

Record Type	#	Most Recent Filing Date
Bankruptcy Proceedings	0	-
Judgments	0	-
Liens	0	-
Suits	0	-
UCC's	2	12/30/1997

=====

PUBLIC FILINGS DETAIL

The following data is for information purposes only and is not the official record. Certified copies can only be obtained from the official source.

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\* \* \* UCC FILING(S) \* \* \*

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FILING NO:	19972125478	DATE FILED:	12/30/1997
TYPE:	Continuation	LATEST INFO RECEIVED:	01/07/1998
SEC. PARTY:	MELLON BANK NA, PITTSBURGH, PA	ORIG. UCC FILED:	06/01/1987
	THREE MELLON BANK, PITTSBURGH, PA	ORIG. FILING NO:	19872994026
DEBTOR:	SAMSON OPERATING COMPANY	FILED WITH:	SECRETARY OF STATE/UCC DIVISION, CO

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FILING NO:	92180511	DATE FILED:	07/13/1995
TYPE:	Termination	LATEST INFO RECEIVED:	07/20/1995
SEC. PARTY:	E H SCHANG TRUSTEE, PITTSBURGH, PA	ORIG. FILING NO:	92180511
	D J ZUPAN TRUSTEE, PITTSBURGH, PA	FILED WITH:	SECRETARY OF STATE/UCC DIVISION, TX
DEBTOR:	SAMSON OPERATING COMPANY LIMITED PARTNERSHIP		

-----

The public record items contained in this report may have been paid, terminated, vacated or released prior to the date this report was printed.

=====

BUSINESS BACKGROUND

HISTORY

11/29/99

GERALD SCHUSTERMAN, PRES

Ownership information provided verbally by Sonya Banfield, admin asst, on OCT 21 1998.

Business started 1985 by partner.

GERALD SCHUSTERMAN. Work history unknown.

RELATED CONCERNS: This company is related to numerous businesses with similar names and operations. Intercompany relations: None reported by management.

OPERATIONS

11/29/99

Operates as an oil and gas company (100%).



Terms: Monthly payments. Sells to oil and gas companies. Territory :  
Regional.

Nonseasonal.

EMPLOYEES: 500 which includes partners.

FACILITIES: Undetermined premises in a building.

LOCATION: Central business section on well traveled street.

=====

## FINANCIAL SUMMARY

### KEY BUSINESS RATIOS

#### NOTE:

D&B has been unable to obtain sufficient financial information from this company to calculate business ratios. Our check of additional outside sources also found no information available on its financial performance.

To help you in this instance, ratios for other firms in the same industry are provided below to support your analysis of this business.

(Industry Norms Based on 34 Establishments)

	Profitability		Short-Term		Efficiency	Utilization
	%		Solvency		(%)	(%)
	Return	Return	Curr	Quick	Assets/	Total Liabs/
	on Sales	on Net	Ratio	Ratio	Sales	Net Worth
		Worth				
Firm	UN	UN	UN	UN	UN	UN
Industry	3.5	6.8	1.2	0.9	325.8	169.0
Median						
Industry	UN	UN	UN	UN	UN	UN
Quartile						

UN = Unavailable

11/29/99 On November 29, 1999, attempts to contact the management of this business have been unsuccessful. Inside sources confirmed operation and location.

As of November 29, 1999, a search of Dun & Bradstreet's Public Record Database found no open liens or judgements to which this company was named defendant or debtor. Public records received hereafter will be entered into the Database.

=====

### CUSTOMER SERVICE

If you need any additional information, or have any questions regarding this report, please call our Customer Service Center at (800) 234-3867 from anywhere within the U.S. From outside the U.S., please call your local D&B office.

END OF COMPREHENSIVE REPORT

---

Monitor your accounts to learn about changes that can affect your business relationships. Click on Continuous Monitoring to register this company, or to learn more.



Dun &amp; Bradstreet

Company Lookup

Company  
ReportsCompany  
LookupU.S. Public  
Records  
SearchU.S.  
Marketing  
ListsGlobal  
Family  
LinkageGlobal  
Marketing  
Lists

## Company Information

Business Name:	Samson Natural Gas Company (inc)
D&B® D-U-N-S® Number:	04-678-1522
Tradestyle(s):	Samson Production Services Premier Gas Samson Exploration Company Total Compression Industries
Address:	2 W 2nd St
City:	Tulsa
State/Province:	Oklahoma
Country:	USA
Zip/Post Code:	741033123
Previous D-U-N-S Number:	801245762
Telephone:	9185831791
Operating Status:	Active
Executive(s):	C Philip Tholen, President Judy Hughes Annabel M Jones Patrick Hall Tom Little Jay Wayne Tate Katie Moore
Industry Sector(s):	4924 - Natural gas distribution 7353 - Heavy construction equipment rental 1311 - Crude petroleum and natural gas 1381 - Drilling oil and gas wells
Year Started:	1986
Employees Here:	270
Total Employees:	300
Annual Sales (US\$ 000):	79,700
Annual Sales (Local Currency 000):	79700
Subsidiary Indicator:	SUBSIDIARY
Business Structure:	This is a HEADQUARTERS Location
Headquarters Parent D&B® D-U-N-S®:	15-352-0663 Samson Investment Company Inc
Domestic Ultimate D&B® D-U-N-S®:	15-352-0663 Samson Investment Company Inc
Global Ultimate D&B® D-U-N-S®:	15-352-0663 Samson Investment Company Inc
Global Ultimate D-U-N-S Country:	USA
Marketability Code:	YES



PREPARED BY

DATE

PAGE  
NO.

# Samson Investment Company (Inc.)

PROJECT ACTION NOTES

PROJECT PLANNING NOTES

## Subsidiary

Samson Natural Gas Company

Samson Resource Company

Samson Hydrocarbons Company


Samson Production Services

CAROL -

- GREEN TAB SHOWS WHY WE CAN'T FIND ANY <sup>CURRENT</sup> PUBLIC RECORDS ON SAMSON
- I ATTACH INFO ON A COUPLE OF WHOLLY OWNED SUBSIDIARIES
- I BELIEVE THAT THIS ABOUT ALL THERE IS ON LEXIS

Bill Ross



Source: All Sources : Company & Financial : Mergers & Acquisitions : Mergers and Acquisitions Reports - Company Reports 

Terms: **samson** ([Edit Search](#))

*Mergers & Acquisitions in Canada June 8, 2000*

Copyright 2000 Crosbie Mergers & Acquisitions in Canada  
Mergers & Acquisitions in Canada

TARGET-COMPANY: Calahoo Petroleum Ltd.  
ACQUIRER-COMPANY: **Samson** Canada Ltd.

ANNOUNCE-DATE: April 17, 2000  
REVISED-DATE: June 8, 2000

TRANSACTION-NO: 14151  
TRANSACTION-TYPE: PUBLICLY TRADED

Date: 10/05/00  
F NA  
T NA

Content: print  
out from web  
site on Samson

\*\*\*\*\* TARGET INFORMATION \*\*\*\*\*

NAME: Calahoo Petroleum Ltd.  
ADDRESS: Calgary, Alberta  
TSE-CODE: C6  
SIC CODE: 1311  
INDUSTRY: OIL & GAS, OIL & GAS PRODUCERS  
BUSINESS: Calahoo is engaged in the exploration, development and production of oil and gas in western Canada.  
DATE OF FINANCIALS: 1998 (All amounts in Canadian dollars)  
REVENUES: \$ 18,536,000  
TOTAL ASSETS: \$ 118,136,000  
NET BOOK VALUE: \$ 59,555,000  
NET INCOME: \$ 862,000

\*\*\*\*\* ACQUIRER INFORMATION \*\*\*\*\*

NAME: **Samson** Canada Ltd.  
ADDRESS: Calgary, Alberta  
TSE-CODE: C6  
SIC CODE: 1311  
INDUSTRY: OIL & GAS, OIL & GAS PRODUCERS  
BUSINESS: **Samson** Canada is an oil & gas company; and is a subsidiary of **Samson** Investment Co., a private Oklahoma company.  
DATE OF FINANCIALS: -  
REVENUES: -  
TOTAL ASSETS: -  
NET BOOK VALUE: -  
NET INCOME: -

## \*\*\*\*\* TRANSACTION INFORMATION \*\*\*\*\*

ACQUISITION TECHNIQUE: Change in Control, Tender Offer

STATUS: Completed

TRANSACTION VALUE: \$ 84,000,000 (Estimate)

COMPENSATION: Cash

OFFER PER SHARE: \$ 2.90

MARKET PRICE: \$ 2.01

PREMIUM TO MARKET: 44.28%

TIMES REVENUE: 4.53

TIMES NET BOOK VALUE: 1.41

TIMES NET INCOME: 97.45


TRANSACTION SYNOPSIS: UPDATE: About 97.7% of the common and 91% of the preferred shares were tendered. **Samson** would exercise its right to acquire the remainder.

PREVIOUS: **Samson** Canada Ltd. agreed to buy Calahoo Petroleum Ltd. for about \$84 million. Under the terms **Samson** would pay \$2.90 per Calahoo common share and \$1.05 per class C preferred share plus assume debt, valuing the total offer at about \$140 million. Calahoo agreed to pay a \$4.4 million breakup fee. The offer was subject to two-thirds acceptance and regulatory approval. The purchase would increase **Samson's** interests in the Rainbow area and establish a new core area in northeastern British Columbia. May1 **Samson** mailed its offer, expiring May23.

**LENGTH:** 351 words

**LANGUAGE:** ENGLISH

**LOAD-DATE:** August 8, 2000

Source: [All Sources : Company & Financial : Mergers & Acquisitions : Mergers and Acquisitions Reports - Company Reports](#) 

Terms: **samson** ([Edit Search](#))

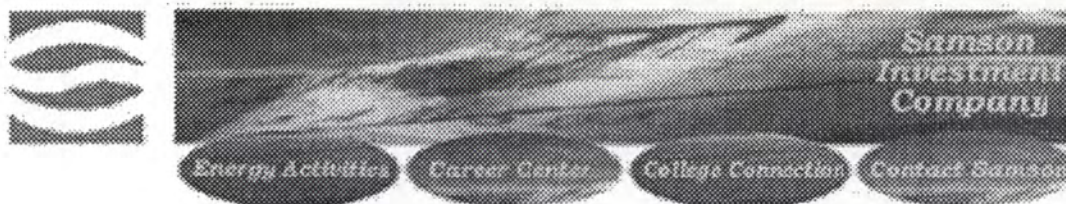
View: Full

Date/Time: Thursday, October 5, 2000 - 4:43 PM EDT

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## **Samson** ...one of the largest independent energy companies

From its headquarters in Tulsa, Oklahoma, USA, Samson Investment Company pursues oil and gas projects on a global basis.

In addition to its energy activities, Samson has a subsidiary engaged in industrial distribution called Samson Industrial. Its customers include many oil field supply companies.



**Samson Industrial**  
(Distributor of Industrial Products)

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Last Modified: 10/25/99*





Samson Corporate Headquarters  
Tulsa, Oklahoma

## Samson Investment Company

Samson Investment Company and its related corporate entities are among the largest and most financially sound independent exploration and production companies in the oil and gas industry. From its Tulsa, Oklahoma, U.S.A. headquarters, the privately owned Company has profitably expanded its operations since its beginning in 1971. Currently, Samson has production and exploration activities in the United States, Canada, Russia, and Venezuela. [[Click here for a recent PowerPoint presentation on Samson](#)]

Samson's history of increasing reserves and growing production is the result of a rigorous program of exploration, development drilling and acquisition of producing properties. Samson has a long tradition of applying leading-edge technologies and techniques to maximize reservoir recoveries.

Today, Samson has approximately 750 employees managing its worldwide energy interests. Throughout the organization, the Company maintains a progressive work environment which develops the talents of its employees and rewards achievement. The Company provides training and continuing education opportunities within all of its disciplines to maximize skills. Dedicated employee teams offer a comprehensive mix of experience and expertise all focused on the profitable enhancement and growth of Samson's and its partners assets.

## Technical Expertise . . .

In all areas, Samson brings together the talent, as well as the latest in tools and information, to maximize the performance of each of its projects. Samson's trained professionals, who operate in a team environment, use the latest in 3D workstations, advanced computer design, reservoir modeling and analysis software. This results in improved interpretation reliability, guides field development, and helps achieve optimal productivity and





development, and helps achieve optimal productivity and economics. Sophisticated computer programs are used for reservoir simulations, nodal analysis, casing and tubing design, fracture stimulation design, economic analysis, and other engineering and geological functions.



As an example of its technical abilities, Samson recently won an award from Hart's Oil and Gas World magazine for its role in applying advanced stimulation technology to a field in Southern Arkansas. The award was for the Best Field Improvement Project in the Gulf Coast Region for 1997.

## Financial Capability . . .

Samson's financial strength derives from several sources. The Company has a strong base of internal capital with significant cash flow from product sales. It also maintains lines of credit with a network of U.S. and European banks. These resources provide Samson with the immediate ability to meet its objectives of deploying capital to acquire producing oil and natural gas properties of all sizes and to expand its development and exploration drilling activities, domestically and internationally.

As a private company, Samson operates without the short term constraints normally felt by widely held public corporations, enabling it to focus on long term objectives and profitability when evaluating investment opportunities.

## Business Philosophy . . .

Samson is prepared to commit its resources to further profitable growth on a global basis. The Company brings the financial resources, technical capabilities, management skills, personnel focus and partnership commitment to assure the success of each project it undertakes.

Through many business cycles, Samson's basis formula has remained the same. Applying people skills and the latest in technology, Samson evaluates new opportunities, paying close attention to the technical and business details. The Company then takes prudent financial risks to achieve profitable, long-term growth.

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## North American Operations

### *U.S. Operations*

Samson's U.S. producing oil and gas interests are concentrated in the Anadarko Basin in western Oklahoma and the Texas Panhandle; the Arkoma Basin in eastern Oklahoma and western Arkansas; the Permian Basin in west Texas; the Texas Gulf coast; east Texas; north central Louisiana; Michigan; and California. It also has interests in several other U.S. basins. U.S. operations encompass a total of 28 geologic provinces in 16 states.

Samson's staff closely monitors production from more than 2500 operated wells to ensure that production is maximized at the lowest possible cost. Using an integrated field management approach, ideas for production enhancement and cost reduction flow to and from the field through the engineering staff headquartered in Tulsa, Oklahoma.



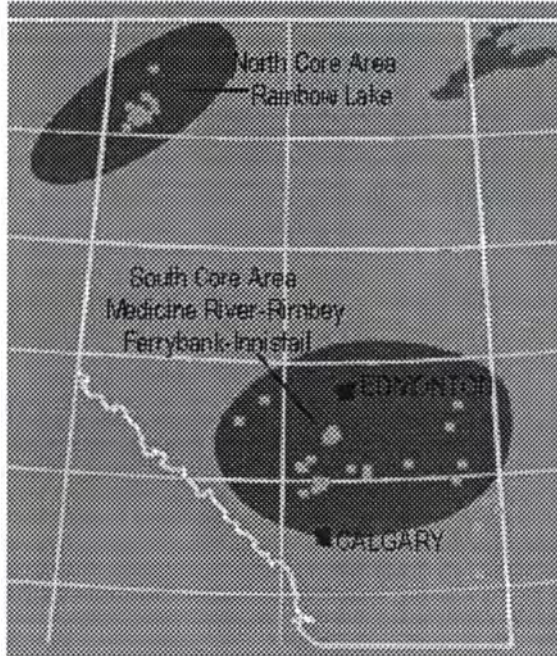
Samson continues to add to its domestic reserve base by utilizing its experience, expertise and financial resources to purchase additional properties throughout the U.S., either as individual asset packages or on a whole company basis. Once the acquisitions are closed, the Company works diligently to maximize production, reduce costs and further develop the properties' reserve potential. Samson is focused on acquisitions where it sees the potential to add value through operations and exploration. In 1998, Samson completed acquisitions totaling more than \$300 million. [Press Release] On one significant purchase, the company has identified over 135 drilling locations. Acquisitions completed to date in 2000 include a \$125 million purchase of Wyoming properties with significant drilling opportunities. [Press Release] The company has also added to its senior exploration management team and has recently opened a Houston, Texas office to further enhance growth potential. [Press Release]



Samson is also aggressively pursuing several drilling operations in the U.S. One of Samson's most exciting concept plays is the Haynesville Reef Trend in East Texas. The Jurassic age carbonate reefs can be up to 1320' tall but are only 20-100 acres in areal extent, which makes for a very interesting drilling target at 15 - 18,000 feet. Additionally, Samson is actively leasing and shooting 3D seismic on multiple projects within the Wilcox trend of the Texas Gulf Coast. This play combines the use of two state-of-the-art technologies, 3D seismic and fracture stimulation.

## *Canadian Operations*

Since commencing Canadian operations in 1989, Samson has consistently grown its production of oil and gas, through both exploration and acquisitions. The Western Canadian Basin is one of Samson's key future growth areas with a goal for the Company to become a top quartile producer in the basin.



Samson has completed several acquisitions that have both built its existing production and provided additional drilling opportunities. For example, at the end of 1997, Samson completed a \$14 million acquisition from Canadian Natural Resources, Ltd. in one of Samson's core areas, Rainbow Lake in Northwest Alberta. [Press Release]

Samson is capable of operating in all production and exploration areas of western Canada. Its activities include not only the production of crude, gas and associated liquids, but also transportation and processing.

To date, the Company has core areas of production and growth in central and northwest Alberta, and is expanding as well into Northeastern British Columbia. Currently, principal areas of operations include the Rainbow Lake, Medicine River-Rimbey, and Ferrybank-Innisfail areas. Samson Canada produces approximately 7,500 barrels of oil equivalent per day.

Samson will develop additional core properties by acquiring established production, either on an asset or whole company basis, or exploring and exploiting areas with high reserve potential, creating value by building a land position and infrastructure, and utilizing technology to reduce finding, development, and production costs.



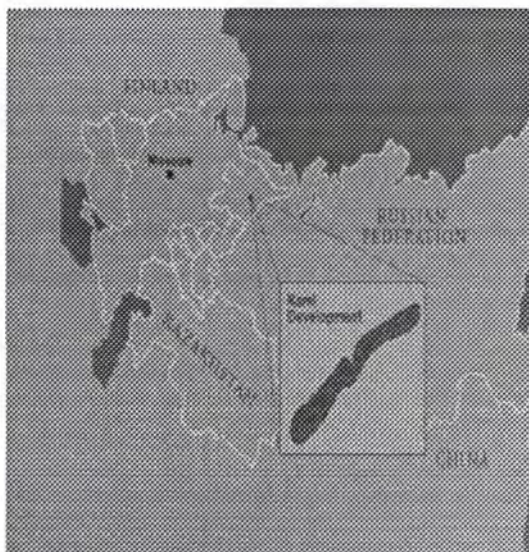


## International Operations

*Samson brings its business philosophy of emphasizing long-term profitability to its international operations, while striving to contribute to the development of the local community. The Company recognizes the importance of assimilating into the cultural traditions of each host country.*

### Russia

Samson has offices in the cities of Moscow, Ukhta (Komi Republic) and Izhevsk (Udmurt Republic). Samson undertook its first Russian production project with two partners, a large European crude oil trading company and a Russian energy company. The primary goal of this project is the efficient development of a cluster of under-developed oil fields.



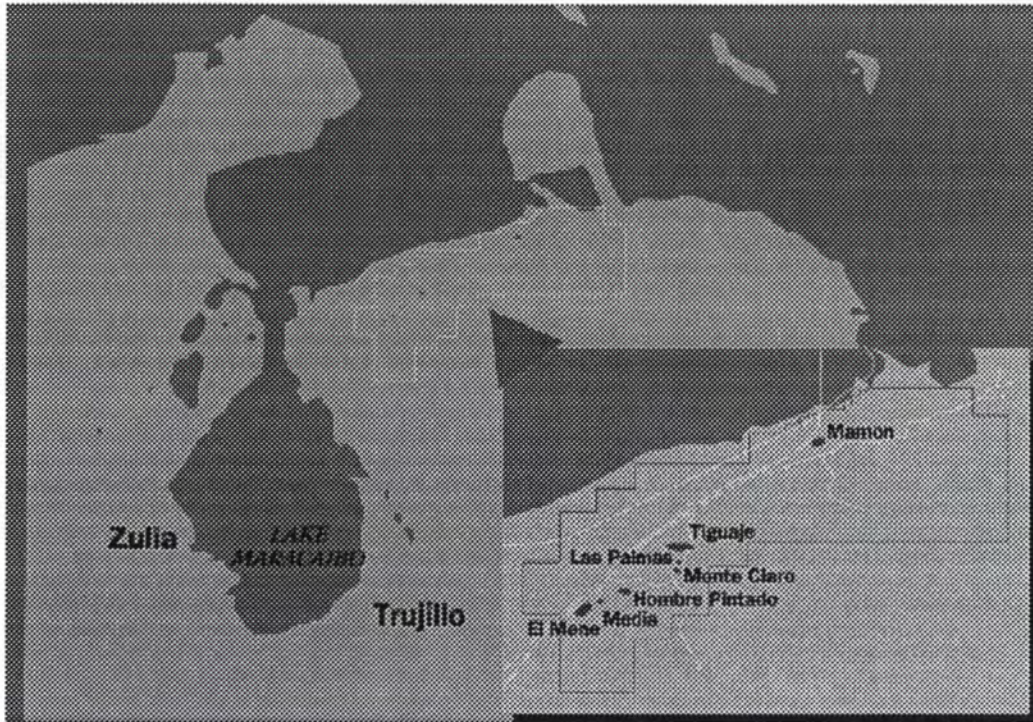
### Venezuela

Samson has been active in Venezuela since 1994, when together with Venezuelan partners, it was awarded the West Falcon Unit in the Marginal field Reactivation Program. The West Falcon Unit is situated immediately to the east of the prolific Maracaibo Basin.

Since taking over operations in the 890,000 - hectare unit, geographically the largest land concession in Venezuela, Samson's operations have been multifaceted. Initial work included



reactivation of the Tiguaje oil field, including the rebuilding of oil-treating and produced-waterhandling facilities, reconstructing a crude oil pipeline and performing workovers and recompletions.



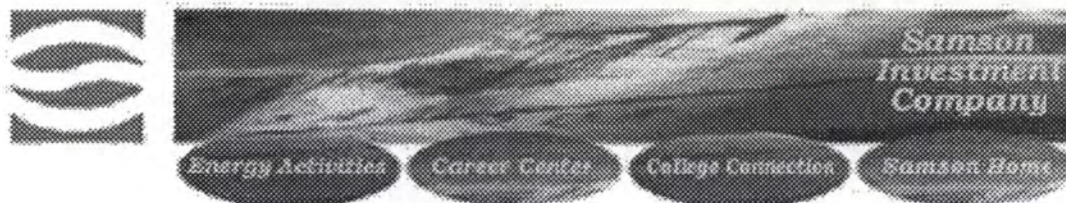
In addition to reactivating an idled oil field, Samson has successfully discovered natural gas in the abandoned Mamon oil field. Future drilling is planned to exploit this gas discovery, which will

be marketed as a fuel to nearby refineries. In the first quarter of 1998, Samson completed shooting 61 Kilometers of 2D Seismic and 50 Square Kilometers of 3D Seismic in portions of its Venezuelan unit. The Company is in the process of evaluating the data as it prepares for an exploratory drilling program to begin later in 1998.

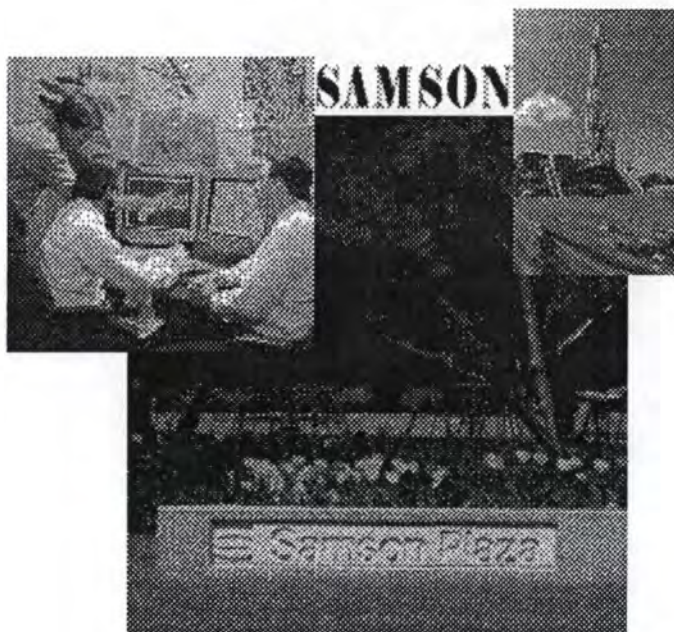
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**Last Modified: 09/25/00**





## *Samson Contact Information*



Samson Investment  
Company  
Samson Plaza  
Two West Second  
Street  
Tulsa, OK U.S.A.  
74103-3103

Telephone: (918) 583-  
1791

FAX: (918) 591-  
1796


General E-mail:  
[tulsa@samson.com](mailto:tulsa@samson.com)  
Human Resources:  
[samsonhr@samson.com](mailto:samsonhr@samson.com)

For information on where  
to submit your resume,  
please visit Samson's  
[Application Procedure](#)  
Page.

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Source: [All Sources](#) : [Company & Financial](#) : [Company Profiles & Directories](#) : [U.S. Private Company Reports](#)   
Terms: **samson** ([Edit Search](#))

*CI US, 11/8/1999, Samson Resources Co.*

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IAC (SM) Company Intelligence (R) -- U.S.

**Samson Resources Co.**

2 W. 2nd St.  
Tulsa OK 74103  
United States

TELEPHONE: 918 583-1791 FAX: (918)591-1796

**November 8, 1999**

**IAC-ACC-NO:** 00033127

**PUB-TYPE:** Company Profile

**EMPLOYEES:** 60 (Telephone Interview)

**COMPANY-TYPE:** Private Subsidiary, Headquarters Location

NAICS:

213112 Support Activities for Oil and Gas Operations

211111 Crude Petroleum and Natural Gas Extraction

PRIMARY SIC CODE:

1382 Oil & Gas Field Exploration Services

SECONDARY SIC CODE:

1311 Crude Petroleum And Natural Gas

2911 Petroleum Refining

**DESCRIPTION:** Manufacturing: Oil and gas production.

ULTIMATE PARENT: **Samson** Investment Co.

ULTIMATE PARENT NUMBER: 00246304

IMMEDIATE PARENT: **Samson** Investment Co.

IMMEDIATE PARENT NUMBER: 00246304

REVENUES: \$ 33,000,000

REVENUE-TYPE: SALES

REVENUE-SOURCE: Estimate

FISCAL YEAR END: December 31, 1995

TOTAL-CITATIONS: 10

LAST-CITE-DATE: April 3, 2000

Abraxas Sells Properties.(Brief Article)(Statistical Data Included)

The Oil Daily 50 NA April 3 2000

IAC 61208217

North Dakota.(plugs well in Beaver Creek field)(Brief Article)

The Oil and Gas Journal 97 134(1) May 3 1999  
IAC 54670964

Nuevo Closes East Texas Sale.  
The Oil Daily 49 NA Jan 11 1999  
IAC 53549252

Nuevo Energy sells some assets.(Nuevo Energy Co.)  
The Wall Street Journal A30(E) Jan 11 1999  
IAC 53721733

HEMPHILL COUNTY.  
The Oil and Gas Journal 91 57(1) Jan 1999  
IAC 54211793

**Samson** Buys Producing Assets.  
The Oil Daily 48 NA Nov 4 1998  
IAC 53172096

**Samson** Announces Management Additions to Enhance Growth Potential.  
Business Wire 0249 Oct 21 1998  
IAC 53108157

Nuevo to Sell Texas Properties to **Samson**.  
The Oil Daily 48 NA Oct 20 1998  
IAC 53100588

Houston-Based Nuevo Energy Sells Gas Assets to Oklahoma-Based Firm.  
Antosh, Nelson  
Knight-Ridder/Tribune Business News OKRB9829309C Oct 20 1998  
IAC 53107988

Nuevo Energy Company Announces Sale of East Texas Assets for \$ 190.6 Million.  
PR Newswire 3764 Oct 19 1998  
IAC 53092785

URL: <http://www.samson.com>  
TELEX: (918)591-1796

**LANGUAGE:** ENGLISH

**LOAD-DATE:** September 26, 2000

Source: [All Sources](#) : [Company & Financial](#) : [Company Profiles & Directories](#) : **U.S. Private Company Reports** ⓘ


Terms: **samson** ([Edit Search](#))

Mandatory Terms: **date in-between 01/01/98 : 06/01/00**

View: Full

Date/Time: Thursday, October 5, 2000 - 4:37 PM EDT



Source: [All Sources](#) : [Company & Financial](#) : [Company Profiles & Directories](#) : [U.S. Private Company Reports](#)   
Terms: **samson** ([Edit Search](#))

*CI US, 11/8/1999, Geodyne Resources Inc.*

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IAC (SM) Company Intelligence (R) -- U.S.

Geodyne Resources Inc.

2 W. 2nd St.  
Tulsa OK 74103  
United States

TELEPHONE: 918 583-1791

**November 8, 1999**

**IAC-ACC-NO:** 00303866

**PUB-TYPE:** Company Profile

**EMPLOYEES:** 160 (Telephone Interview)

**COMPANY-TYPE:** Private Subsidiary, Headquarters Location

**NAICS:**

211111 Crude Petroleum and Natural Gas Extraction

**PRIMARY SIC CODE:**

1311 Crude Petroleum And Natural Gas

**SECONDARY SIC CODE:**

2911 Petroleum Refining

**DESCRIPTION:** Manufacturing: Oil and gas production.

**ULTIMATE PARENT:** **Samson** Investment Co.

**ULTIMATE PARENT NUMBER:** 00246304

**IMMEDIATE PARENT:** **Samson** Investment Co.

**IMMEDIATE PARENT NUMBER:** 00246304

**REVENUES:** \$ 9,000,000

**REVENUE-TYPE:** SALES

**REVENUE-SOURCE:** Estimate

**FISCAL YEAR END:** February 28, 1995

**EXECUTIVES:**

Head of MIS, Systems:

Joe Woodruff, Director of Management Information Systems

**TOTAL-CITATIONS:** 10

**LAST-CITE-DATE:** December 10, 1999

Geodyne Replaces Board Member.

The Oil Daily 49 NA Dec 10 1999

IAC 58159836

URL: <http://www.samson.com>

**LANGUAGE:** ENGLISH

**LOAD-DATE:** September 26, 2000

Source: [All Sources](#) : [Company & Financial](#) : [Company Profiles & Directories](#) : [U.S. Private Company Reports](#) 

Terms: **samson** ([Edit Search](#))

Mandatory Terms: **date in-between 01/01/98 : 06/01/00**

View: Full

Date/Time: Thursday, October 5, 2000 - 4:38 PM EDT

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## OKLAHOMA SECRETARY OF STATE, CORPORATE RECORD

Name: SAMSON PROPERTIES 1979 OIL & NATURAL GAS INVESTMENT PROGRAM, LTD.  
LIMITED PARTNERSHIP

Type: LIMITED PARTNERSHIP

Status: DISSOLUTION

Status Date: 2/6/1986

Filing Date: 1/19/1979

Registered Agent: DENNIS R. NEILL

Registered Office: 2 W. 2ND ST.  
TULSA, OK 74103

Agent Status: ACTIVE

Number: LD00008977

Officers/Directors/Partners/Members:  
SAMSON PROPERTIES INCORPORATED  
GENERAL PARTNER  
2700 1ST NATL TWR  
TULSA, OK 74103

## History:

---

DATE	TYPE	COMMENT
2/6/1986	MISCELLANEOUS	CHANGE OF STATUS
2/6/1986	DISSOLUTION OF CORPORATION	DISSOLUTION
12/31/1985	MISCELLANEOUS	NAME CHANGE; APPOINTMENT OF AGENT
2/12/1985	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
10/12/1984	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
4/30/1984	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
2/17/1984	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
2/14/1983	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
9/2/1981	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
6/2/1980	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
3/27/1979	MISCELLANEOUS	ADD POWER OF ATTORNEY

---

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## OKLAHOMA SECRETARY OF STATE, CORPORATE RECORD

Name: DYCO OIL AND GAS PROGRAM 1987-1, A LIMITED PARTNERSHIP

Type: LIMITED PARTNERSHIP

Status: WITHDRAWAL

Status Date: 2/10/1994

Filing Date: 1/5/1989

Registered Agent: JACK A CANON

Registered Office: 2 W 2ND ST SAMSON PLZ  
TULSA, OK 74103

Agent Status: ACTIVE

Number: LF00474420

Officers/Directors/Partners/Members:

DYCO PETROLEUM CORPORATION

GENERAL PARTNER

2 W 2ND ST

TULSA, OK 74103

History:

---

DATE	TYPE	COMMENT
2/10/1994	AGENT DATA AMENDED	SERVICE AGENT BY AMENDMENT
2/10/1994	MISCELLANEOUS	CHANGE OF STATUS
2/10/1994	WITHDRAWN AUTHORIZATION	WITHDRAWAL
		SERVICE OFFICE BY
		AMENDMENT; BUSINESS ADDRESS; CHANGE
10/7/1991	MISCELLANEOUS	IN GENERAL PARTNER

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OKLAHOMA SECRETARY OF STATE, CORPORATE RECORD

Name: SAMSON ENERGY COMPANY LIMITED PARTNERSHIP

Type: LIMITED PARTNERSHIP

Status: DISSOLUTION

Status Date: 12/9/1994

Filing Date: 12/28/1984

Registered Agent: SAMSON PROPERTIES INCORPORATED ATTN: JACK A CANON

Registered Office: TWO W 2ND ST  
TULSA, OK 74103

Agent Status: ACTIVE

Number: LD00427612

Officers/Directors/Partners/Members:

SAMSON PROPERTIES INCORPORATED  
GENERAL PARTNER  
2 W 2ND ST  
TULSA, OK 74103

History:

DATE	TYPE	COMMENT
12/9/1994	MERGER-SURVIVOR CORPORATION	SURVIVOR OF MERGE CHANGE OF STATUS;SERVICE AGENT BY
12/9/1994	MISCELLANEOUS	AMENDMENT
12/9/1994	DISSOLUTION OF CORPORATION	DISSOLUTION
1/16/1990	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
10/11/1989	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
7/24/1989	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
5/5/1989	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
4/28/1989	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
4/25/1989	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
4/7/1989	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
1/13/1989	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
10/11/1988	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
7/12/1988	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
4/12/1988	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
2/22/1988	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
1/29/1988	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
1/13/1988	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
10/30/1987	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
9/21/1987	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
7/21/1987	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
4/13/1987	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT

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## OKLAHOMA SECRETARY OF STATE, CORPORATE RECORD

Name: SNG 1980 DRILLING PROGRAM

Type: LIMITED PARTNERSHIP

Status: GOOD STANDING

Filing Date: 3/4/1980

Registered Agent: SNG PRODUCTION COMPANY

Registered Office: TWO WEST SECOND STREET  
TULSA, OK 74103

Agent Status: ACTIVE

Number: LD00010133

Officers/Directors/Partners/Members:

SAMSON HYDROCARBONS COMPANY  
GENERAL PARTNER  
2 W 2ND ST  
TULSA, OK 74103

History:

---

DATE	TYPE	COMMENT
7/21/1998	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
8/26/1996	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
1/2/1996	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
1/26/1995	MISCELLANEOUS	CHANGE IN GENERAL PARTNER
11/19/1993	ADDRESS CHANGE	BUSINESS ADDRESS
11/19/1993	AGENT DATA AMENDED	SERVICE AGENT BY AMENDMENT
11/19/1993	MISCELLANEOUS	NAME CHANGE
7/27/1992	MISCELLANEOUS	SERVICE AGENT NON-AMENDMENT
12/28/1984	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
5/5/1980	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT

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## OKLAHOMA SECRETARY OF STATE, CORPORATE RECORD

Name: SAMSON PROPERTIES 1973 OIL AND GAS INVESTMENT PROGRAM

Type: LIMITED PARTNERSHIP

Status: GOOD STANDING

Filing Date: 4/17/1973

Number: LD00002417

Officers/Directors/Partners/Members:

SAMSON PROPERTIES INCORPORATED

GENERAL PARTNER

TWO W. SECOND, SAMSON PLAZA

TULSA, OK 74103

History:

---

DATE	TYPE	COMMENT
3/10/1995	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
1/9/1989	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
4/1/1988	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
11/2/1987	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
7/18/1986	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
12/31/1985	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
10/4/1985	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
4/3/1985	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
2/21/1984	MISCELLANEOUS	CHANGE IN GENERAL PARTNER
1/5/1983	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
6/4/1980	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
10/1/1973	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT
4/18/1973	MISCELLANEOUS	LTD. PARTNERSHIP AMENDMENT

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OKLAHOMA SECRETARY OF STATE, CORPORATE RECORD

Name: SAMSON - INTERNATIONAL, LTD.

Type: CORPORATION (PROFIT)

Status: GOOD STANDING

Filing Date: 1/24/1992

Duration: PERPETUAL

State of Incorporation: OKLAHOMA

Date of Incorporation: 1/24/1992

Registered Agent: JACK A. CANON

Registered Office: 2 W. 2ND. ST.  
TULSA, OK 74103

Agent Status: ACTIVE

Number: DB00508159

Stock:

Type of Stock: COMMON

Authorized Quantity: 10000

Par Value: \$1.0000

Voting Right: YES

Convert Common Stock: NO

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OKLAHOMA SECRETARY OF STATE, CORPORATE RECORD

Name: SAMSON RESOURCES COMPANY

Type: CORPORATION (PROFIT)

Status: REINSTATED

Status Date: 5/25/1994

Filing Date: 11/23/1971

Duration: PERPETUAL

State of Incorporation: OKLAHOMA

Date of Incorporation: 11/23/1971

Registered Agent: JACK A. CANON

Registered Office: 2 W 2ND. ST.  
TULSA, OK 74103

Agent Status: ACTIVE

Doing Business As: SAMSON ARGENTINA

Number: DB00242520

Stock:

Type of Stock: COMMON

Authorized Quantity: 5000000

Par Value: \$0.0100

Voting Right: YES

Convert Common Stock: NO

History:

DATE	TYPE	COMMENT
9/8/1999	MERGER-SURVIVOR CORPORATION	SURVIVOR OF MERGE
6/30/1996	MERGER-SURVIVOR CORPORATION	SURVIVOR OF MERGE
6/26/1996	MISCELLANEOUS	SEC OF STATE "FILED" DATE
6/24/1996	MISCELLANEOUS	SEC OF STATE "FILED" DATE
5/25/1994	MISCELLANEOUS	CHANGE OF STATUS
5/25/1994	REINSTATED	REINSTATED
4/8/1994	MISCELLANEOUS	CHANGE OF STATUS
4/8/1994	SUSPENDED CORPORATION	SUSPENDED
12/9/1993	MERGER-SURVIVOR CORPORATION	SURVIVOR OF MERGE
4/17/1992	MISCELLANEOUS	TRADENAME RECORD
8/29/1991	MERGER-SURVIVOR CORPORATION	SURVIVOR OF MERGE
8/29/1991	MISCELLANEOUS	SERVICE AGENT NON-AMENDMENT
11/3/1987	RESIGNATION OF AGENT	RESIG OF AGT COUPLED W/APPT

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OBTAINED THROUGH THE OFFICE OF THE OKLAHOMA SECRETARY OF STATE \*\*\*

OKLAHOMA SECRETARY OF STATE, CORPORATE RECORD

Name: SAMSON INVESTMENT COMPANY

Type: CORPORATION (PROFIT)

Status: GOOD STANDING

Filing Date: 10/24/1986

State of Incorporation: NEVADA

Registered Agent: CHARLES SCHUSTERMAN

Registered Office: 2 W 2ND ST/SAMSON PLZ  
TULSA, OK 74103

Agent Status: ACTIVE

Number: FB00449783

Stock:

Type of Stock: COMMON

Authorized Quantity: 5000000

Par Value: \$0.0100

Voting Right: YES

Convert Common Stock: NO

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NEW MEXICO SECRETARY OF STATE, CORPORATE RECORD

Name: SAMSON HYDROCARBONS COMPANY

Mailing Address: TWO WEST SECOND ST.  
TULSA, OK 74103

Type: CORPORATION (PROFIT)

Status: WITHDRAWN

Filing Date: 11/5/1973

Duration: PERPETUAL

State of Incorporation: DELAWARE

Date of Incorporation: 11/5/1973

Registered Agent: SECRETARY OF STATE

Registered Office: EXECUTIVE-LEGISLATIVE BUILDING  
SANTA FE, NM 87503

Additional Information: REPORT CODE:TAX CLEARANCE

Number: 786343

History:

DATE	TYPE	COMMENT
2/18/1997	MISCELLANEOUS	CERTIFICATE OF WITHDRAWAL TAX CLEARANCE; 6/30/95 USED AS FINAL REPORT.
2/4/1997	MISCELLANEOUS	AMENDED CERTIFICATE OF AUTHORITY; CNT <SAMSON HYDROCARBONS COMPANY>
1/4/1995	MISCELLANEOUS	AMENDED CERTIFICATE OF AUTHORITY; CNT <SNG PRODUCTION COMPANY>
11/8/1993	MISCELLANEOUS	FOREIGN MERGER; MERGING THE BOSTON GROUP, INC. (NOT QUALIFIED IN NM)
8/22/1983	MISCELLANEOUS	FOREIGN MERGER; MERGING NELSON PETROLEUM COMPANY (NOT QUALIFIED IN NM)
4/14/1982	MISCELLANEOUS	FOREIGN MERGER; MERGING TEAL PETROLEUM COMPANY (DE) 0782433 AND POLUMBUS PETROLEUM CORPORATION (CO) 0929844
11/6/1978	MISCELLANEOUS	AMENDED CERTIFICATE OF AUTHORITY;

## NEW MEXICO SECRETARY OF STATE, CORPORATE RECORD

8/25/1978	MISCELLANEOUS	CNT <GRACE PETROLEUM CORPORATION> FOREIGN MERGER; MERGING MAGNESS PETROLEUM COMPANY (NOT QUALIFIED IN NM)
7/14/1976	MISCELLANEOUS	FOREIGN MERGER; MERGING CLEARY PETROLEUM CORPORATION (DE) 0624506 AND THE SURVIVOR CNT <CLEARY PETROLEUM (CONT'D)
6/5/1975	MISCELLANEOUS	CERTIFICATE OF AUTHORITY; GRACE SUBSIDIARY CORPORATION, AUTHORIZED IS \$ 1,000/PERPETUAL
11/5/1973	MISCELLANEOUS	

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LOUISIANA SECRETARY OF STATE, CORPORATE RECORD

Name: SAMSON HYDROCARBONS COMPANY

Mailing Address: TWO WEST SECOND STREET  
TULSA, OK 74103

Type: CORPORATION (PROFIT)

Status: FOR CORP W/DREW FROM DOING BUSINESS

Status Date: 9/19/1997

Filing Date: 12/16/1974

State of Incorporation: DELAWARE

Registered Agent: SAMSON HYDROCARBONS COMPANY

Registered Office: SAMSON PLAZA, TWO WEST SECOND ST.  
TULSA, OK 74103

Prior Name: CLEARY PETROLEUM CORPORATION  
GRACE PETROLEUM CORPORATION  
SAMSON NATURAL GAS COMPANY  
SNG PRODUCTION COMPANY

Additional Information: ENTITY IS NOT IN GOOD STANDING

FEIN: 730963306

Number: 30823440F

Officers/Directors/Partners/Members:

DENNIS NEILL  
PRESIDENT/DIRECTOR  
TWO WEST SECOND ST.  
TULSA, OK 74103

DREW PHILLIPS  
VICE PRESIDENT  
TWO WEST SECOND ST.  
TULSA, OK 74103

JUDY FOX  
SECRETARY  
TWO WEST SECOND ST.

## LOUISIANA SECRETARY OF STATE, CORPORATE RECORD

TULSA, OK 74103

## History:

DATE	TYPE	COMMENT
9/19/1997	MISCELLANEOUS	WITHDRAWAL; FOR ADD'L DETAILS, SEE AMENDMENT ID 34614924
12/17/1996	MISCELLANEOUS	96 ANNUAL REPORT FILED
9/30/1996	MISCELLANEOUS	WITHDRAWAL PENDING; FOR ADD'L DETAILS, SEE AMENDMENT ID 34539326
8/19/1996	MISCELLANEOUS	MERGER; FOR ADD'L DETAILS, SEE AMENDMENT ID 34535432
12/11/1995	MISCELLANEOUS	95 ANNUAL REPORT FILED
1/4/1995	NAME CHANGE	
11/28/1994	MISCELLANEOUS	94 ANNUAL REPORT FILED
12/16/1993	MISCELLANEOUS	93 ANNUAL REPORT FILED
8/16/1993	NAME CHANGE	
12/18/1992	MISCELLANEOUS	92 ANNUAL REPORT FILED
5/8/1992	MISCELLANEOUS	91 ANNUAL REPORT FILED
10/8/1991	MISCELLANEOUS	STATEMENT OF CHANGE OR CHANGE PRINCIPAL BUSINESS OFFICE FOR NON-LOUISIANA CORPORATION AND PARTNERSHIP
6/28/1991	MISCELLANEOUS	STATEMENT OF CHANGE OR CHANGE PRINCIPAL BUSINESS OFFICE FOR NON-LOUISIANA CORPORATION AND PARTNERSHIP
5/17/1991	MISCELLANEOUS	90 ANNUAL REPORT FILED
5/17/1990	MISCELLANEOUS	89 ANNUAL REPORT FILED
5/12/1989	MISCELLANEOUS	88 ANNUAL REPORT FILED
5/18/1988	MISCELLANEOUS	87 ANNUAL REPORT FILED
5/20/1987	MISCELLANEOUS	86 ANNUAL REPORT FILED
4/1/1986	MISCELLANEOUS	STATEMENT OF CHANGE OR CHANGE PRINCIPAL BUSINESS OFFICE FOR NON-LOUISIANA CORPORATION AND PARTNERSHIP
2/22/1985	MISCELLANEOUS	STATEMENT OF CHANGE OR CHANGE PRINCIPAL BUSINESS OFFICE FOR NON-LOUISIANA CORPORATION AND PARTNERSHIP
3/25/1982	MISCELLANEOUS	MERGER; FOR ADD'L DETAILS, SEE AMENDMENT ID 33752820
11/6/1978	MISCELLANEOUS	MERGER; FOR ADD'L DETAILS, SEE AMENDMENT ID 32417560
8/18/1978	NAME CHANGE	
7/6/1976	MISCELLANEOUS	MERGER; FOR ADD'L DETAILS, SEE AMENDMENT ID 31501940

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OBTAINED THROUGH THE OFFICE OF THE WYOMING SECRETARY OF STATE \*\*\*

WYOMING SECRETARY OF STATE, CORPORATE RECORD

Name: SAMSON HYDROCARBONS COMPANY

Mailing Address: TWO WEST SECOND ST  
TULSA, OK 74103

Type: CORPORATION (PROFIT)

Status: WITHDRAW / DISOLVE / CANCEL

Status Date: 9/30/1996

Filing Date: 11/2/1973

State of Incorporation: DELAWARE

Registered Agent: THE PRENTICE-HALL CORP-

Registered Office: ORATION SYSTEM, INC. 1821 LOGAN AVENUE  
CHEYENNE, WY 82001

Prior Name: CLEARY PETROLEUM CORPORATION  
GRACE PETROLEUM CORPORATION  
GRACE SUBSIDIARY CORPORATION  
SAMSON NATURAL GAS COMPANY  
SNG PRODUCTION COMPANY

Additional Information: THE LAST ANNUAL REPORT SUBMITTED TO THE STATE WAS  
FOR 1995 STATE REFERENCE # 329213

Number: 1980001230481

Stock:

Type of Stock: COMMON  
Authorized Quantity: 1000  
Par Value: \$ 1.0000  
Convert Common Stock: NO

History:

DATE	TYPE	COMMENT
8/30/1996	MISCELLANEOUS	REGISTERED AGENT ADDRESS CHANGE
1/4/1995	MISCELLANEOUS	AMENDMENT FILED
6/26/1991	MISCELLANEOUS	REGISTERED AGENT NAME CHANGE
4/26/1982	MISCELLANEOUS	MERGER

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CALIFORNIA SECRETARY OF STATE, CORPORATE RECORD.

NAME: SAMSON HYDROCARBONS COMPANY

TYPE OF CORPORATION: STATEMENT AND DESIGNATION BY FOREIGN CORPORATION

CORPORATE STATUS: SURRENDERED

DATE OF INCORPORATION/QUALIFICATION: 12/19/1974

MAILING ADDRESS: TWO WEST SECOND STREET  
TULSA, OK 74103

STATE OF INCORPORATION: DELAWARE

REGISTERED AGENT: THE PRENTICE-HALL CORPORATION SYSTEM, INC.

REGISTERED OFFICE: 2730 GATEWAY OAKS DR., SUITE 100  
SACRAMENTO, CA 95833

PRESIDENT: DENNIS NEILL  
TWO WEST SECOND STREET  
TULSA, OK 74103

STATEMENT OF OFFICERS FILE NUMBER: 734268

STATEMENT OF OFFICERS FILE DATE: 12/27/96

TAX-BASIS: STOCK

CORPORATE NUMBER: 728112

HISTORY:

DATE: 01/26/1999  
TRANSACTION: CERTIFICATE OF SURRENDER BY FOREIGN CORPORATION  
AMENDMENT NO: D0590638

DATE: 02/03/1995  
TRANSACTION: AMENDED STATEMENT AND DESIGNATION BY FOREIGN CORPORATION  
COMMENT: NAME CHANGE FROM: SNG PRODUCTION COMPANY  
OTHER CORP NO: 00728112  
AMENDMENT NO: A0457119

DATE: 10/12/1993  
TRANSACTION: AMENDED STATEMENT AND DESIGNATION BY FOREIGN CORPORATION  
COMMENT: NAME CHANGE FROM: SAMSON NATURAL GAS COMPANY  
OTHER CORP NO: 00728112  
AMENDMENT NO: A0438388

## CALIFORNIA SECRETARY OF STATE, CORPORATE RECORD.

DATE: 10/12/1993  
TRANSACTION: AMENDED STATEMENT AND DESIGNATION BY FOREIGN CORPORATION  
COMMENT: NAME CHANGE FROM: GRACE PETROLEUM CORPORATION  
OTHER CORP NO: 00728112  
AMENDMENT NO: A0438387

DATE: 08/18/1978  
TRANSACTION: CERTIFICATE OF AMENDMENT  
COMMENT: NAME CHANGED FROM: CLEARY PETROLEUM CORPORATION  
OTHER CORP NO: 00728112

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MISSISSIPPI SECRETARY OF STATE, CORPORATE RECORD

Name: SAMSON HYDROCARBONS COMPANY

Mailing Address: TWO WEST SECOND ST  
TULSA, OK 74103-3103

Type: CORPORATION (PROFIT)

Status: WITHDRAWAL

Filing Date: 3/1/1971

State of Incorporation: DELAWARE

Registered Agent: PRENTICE-HALL CORPORATION SYSTEM

Registered Office: 506 S PRESIDENT ST ; \_\_\_\_\_ M  
JACKSON, MS 39205

Agent Status: ACTIVE

FEIN: 730963306

Number: 614233

Stock:

Authorized Quantity: 1000

Issued Quantity: 1000

Officers/Directors/Partners/Members:

DAVID BRADFORD

DIRECTOR

506 S PRESIDENT ST ; \_\_\_\_\_ M  
JACKSON, MS 39205

DENNIS NEILL

PRESIDENT/DIRECTOR

506 S PRESIDENT ST ; \_\_\_\_\_ M  
JACKSON, MS 39205

JUDY FOX

SECRETARY

506 S PRESIDENT ST ; \_\_\_\_\_ M  
JACKSON, MS 39205

SCOTT LONGAN

## MISSISSIPPI SECRETARY OF STATE, CORPORATE RECORD

DIRECTOR

506 S PRESIDENT ST ; \_\_\_\_\_ M

JACKSON, MS 39205

## History:

DATE	TYPE	COMMENT
6/22/1998	WITHDRAWN AUTHORIZATION	
4/14/1998	MISCELLANEOUS	ISSUE ANNUAL REPORT
4/4/1997	MISCELLANEOUS	ISSUE ANNUAL REPORT
4/22/1996	MISCELLANEOUS	ISSUE ANNUAL REPORT
7/19/1995	MISCELLANEOUS	ISSUE ANNUAL REPORT
1/17/1995	NAME CHANGE	FROM:SNG PRODUCTION COMPANYCORPID=00599836
4/12/1994	ADDRESS CHANGE	TOTWO WEST SECOND ST :: TULSA , OK 74103-310
4/12/1994	MISCELLANEOUS	ISSUE ANNUAL REPORT
8/16/1993	NAME CHANGE	FROM:GRACE PETROLEUM CORPORATION CORPID=0305004
5/18/1993	MISCELLANEOUS	ISSUE ANNUAL REPORT
5/18/1992	ADDRESS CHANGE	TO6501 N BROADWAY :: OKLAHOMA CITY , OK 73116-000
5/18/1992	MISCELLANEOUS	ISSUE ANNUAL REPORT
1/21/1992	AGENT DATA AMENDED	NEW:THE PRENTICE HALL CORPORATION SYSTEM INC 506 S PRESIDENT ST JACKSON MS 39201
7/1/1991	AGENT DATA AMENDED	NEW:PRENTICE-HALL CORPORATION SYSTEM 1700 DEPOSIT GUARANTY PLAZA P O BOX 22567 JACKSON MS 39225 2567
5/21/1991	MISCELLANEOUS	ISSUE ANNUAL REPORT
3/30/1990	MISCELLANEOUS	ISSUE ANNUAL REPORT
4/3/1989	MISCELLANEOUS	ISSUE ANNUAL REPORT
4/4/1988	ADDRESS CHANGE	TO6501 NORTH BROADWAY :: OKLAHOMA CITY , OK 73116-000
4/21/1982	MERGER-SURVIVOR CORPORATION	
8/17/1978	NAME CHANGE	TO:GRACE PETROLEUM CORPORATION CORPID=0000000

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MICHIGAN CONSUMER & INDUSTRY SERVICES, CORPORATE RECORD

NAME: SAMSON HYDROCARBONS COMPANY

TYPE: FOREIGN PROFIT

STATUS: INACTIVE

DATE OF INCORPORATION/QUALIFICATION: 11/06/1973

STATUS-DATE: 08/26/1998

STATUS-COMMENT: CERTIFICATE OF WITHDRAWAL

STATE: DELAWARE

REGISTERED AGENT: PRENTICE-HALL CORPORATION SYSTEM INC.

REGISTERED OFFICE: 501 SOUTH CAPITOL AVENUE  
LANSING, MI 48933

NO. OF SHARES AUTHORIZED: 1,000

ANNUAL-REPORT:

DATE: 98  
ROLL: 5394  
FRAME: 1984  
ARE: NO EXTENSION

NUMBER: 617295

HISTORY:

1. DATE: 05/07/1975  
TRANSACTION: NAME CHANGES  
COMMENT: GRACE SUBSIDIARY CORPORATION  
ROLL/FRAME: 0000/0000
2. DATE: 08/25/1978  
TRANSACTION: NAME CHANGES  
COMMENT: CLEARY PETROLEUM CORPORATION  
ROLL/FRAME: 0000/0000
3. DATE: 05/15/1979  
TRANSACTION: ANNUAL REPORT FILED  
COMMENT: 1979 MAR FILED  
ROLL/FRAME: 2014/0029
4. DATE: 05/15/1980

## MICHIGAN CONSUMER &amp; INDUSTRY SERVICES, CORPORATE RECORD

TRANSACTION: ANNUAL REPORT FILED  
COMMENT: 1980 MAR FILED  
ROLL/FRAME: 2106/1061

5. DATE: 05/15/1981  
TRANSACTION: ANNUAL REPORT FILED  
COMMENT: 1981 MAR FILED  
ROLL/FRAME: 2268/2092

6. DATE: 04/26/1982  
TRANSACTION: MERGERS  
COMMENT: THE BOSTON GROUP, INC. & GRACE OIL CORPOR- ATION  
(CANADA), BOTH DE CORPS, CLEARY LAND COMPANY,  
AN OK CORP AND POLUMBUS DIVISION SIGNATURE  
CORPORATION, A CO CORP, ALL NQ ME INTO THIS  
CORP, (F DE 2-22-82)  
ROLL/FRAME: 1229/0000

7. DATE: 05/15/1982  
TRANSACTION: ANNUAL REPORT FILED  
COMMENT: 1982 MAR FILED  
ROLL/FRAME: 2450/1585

8. DATE: 05/19/1982  
TRANSACTION: MERGERS  
COMMENT: NELSON PETROLEUM COMMPANY, A DE CORP NQ IN MI ME  
INTO THIS CORP (F DE 3-2-82)  
ROLL/FRAME: 1236/0000

9. DATE: 05/15/1983  
TRANSACTION: ANNUAL REPORT FILED  
COMMENT: 1983 MAR FILED  
ROLL/FRAME: 2513/0122

10. DATE: 05/15/1984  
TRANSACTION: ANNUAL REPORT FILED  
COMMENT: 1984 MAR FILED  
ROLL/FRAME: 2610/0660

11. DATE: 05/15/1985  
TRANSACTION: ANNUAL REPORT FILED  
COMMENT: 1985 MAR FILED  
ROLL/FRAME: 2729/0613

12. DATE: 05/15/1986  
TRANSACTION: ANNUAL REPORT FILED  
COMMENT: 1986 MAR FILED  
ROLL/FRAME: 2841/0539

13. DATE: 05/15/1987  
TRANSACTION: ANNUAL REPORT FILED  
COMMENT: 1987 MAR FILED  
ROLL/FRAME: 3046/0613



## MICHIGAN CONSUMER &amp; INDUSTRY SERVICES, CORPORATE RECORD

14. DATE: 05/15/1988  
TRANSACTION: ANNUAL REPORT FILED  
COMMENT: 1988 MAR FILED  
ROLL/FRAME: 3161/1706
15. DATE: 05/15/1989  
TRANSACTION: ANNUAL REPORT FILED  
COMMENT: 1989 MAR FILED  
ROLL/FRAME: 3222/2763
16. DATE: 05/15/1990  
TRANSACTION: ANNUAL REPORT FILED  
COMMENT: 1990 MAR FILED  
ROLL/FRAME: 4041/0642
17. DATE: 05/15/1991  
TRANSACTION: ANNUAL REPORT FILED  
COMMENT: 1991 MAR FILED  
ROLL/FRAME: 4178/0675
18. DATE: 05/15/1992  
TRANSACTION: ANNUAL REPORT FILED  
COMMENT: 1992 MAR FILED  
ROLL/FRAME: 4373/1438
19. DATE: 05/15/1993  
TRANSACTION: ANNUAL REPORT FILED  
COMMENT: 1993 MAR FILED  
ROLL/FRAME: 4556/1888
20. DATE: 05/15/1994  
TRANSACTION: ANNUAL REPORT FILED  
COMMENT: 1994 MAR FILED  
ROLL/FRAME: 4722/2040
21. DATE: 01/05/1995  
TRANSACTION: NAME CHANGES  
COMMENT: GRACE PETROLEUM CORPORATION  
ROLL/FRAME: 0000/0000
22. DATE: 01/05/1995  
TRANSACTION: NAME CHANGES  
COMMENT: SAMSON NATURAL GAS COMPANY  
ROLL/FRAME: 0000/0000
23. DATE: 01/05/1995  
TRANSACTION: NAME CHANGES  
COMMENT: SNG PRODUCTION COMPANY  
ROLL/FRAME: 0000/0000
24. DATE: 01/05/1995  
TRANSACTION: CHANGE OF AGENT AND/OR OFFICE  
COMMENT: PREV MA: 1114 AVENUE OF THE AMERICAS NEW YORK  
NY 10036

## MICHIGAN CONSUMER &amp; INDUSTRY SERVICES, CORPORATE RECORD

ROLL/FRAME: 0000/0000

25. DATE: 05/15/1995  
TRANSACTION: ANNUAL REPORT FILED  
COMMENT: 1995 MAR FILED  
ROLL/FRAME: 4827/1939

26. DATE: 02/07/1996  
TRANSACTION: CHANGE OF AGENT AND/OR OFFICE  
COMMENT: PREV RO: 501 SOUTH CAPITOL AVE. LANSING  
MI 48933  
ROLL/FRAME: 0000/0000

27. DATE: 05/15/1996  
TRANSACTION: ANNUAL REPORT FILED  
COMMENT: 1996 MAR FILED  
ROLL/FRAME: 5109/1044

28. DATE: 05/15/1997  
TRANSACTION: ANNUAL REPORT FILED  
COMMENT: 1997 MAR FILED  
ROLL/FRAME: 5255/0218

29. DATE: 05/15/1998  
TRANSACTION: ANNUAL REPORT FILED  
COMMENT: 1998 MAR FILED  
ROLL/FRAME: 5394/1984

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LEVEL 1 - 9 OF 10 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY  
BE  
OBTAINED THROUGH THE OFFICE OF THE MONTANA SECRETARY OF STATE \*\*\*

MONTANA SECRETARY OF STATE, CORPORATE RECORD

Name: TENNECO OIL COMPANY

Mailing Address: 1001 LOUISIANA  
HOUSTON, TX 77002

Type: CORPORATION (PROFIT)

Status: GOOD STANDING

Filing Date: 3/16/1960

Duration: PERPETUAL

State of Incorporation: DELAWARE

Date of Incorporation: 2/26/1960

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 40 W LAWRENCE STE A PO BOX 1166  
HELENA, MT 59624

Number: F005455

Annual Report:

Report Filed: 4/9/1998

Stock:

Type of Stock: COMMON

Value of Stock: \$ 1000

Authorized Quantity: 200

Issued Quantity: 10

Par Value: \$ 5.0000

Convert Common Stock: NO

Officers/Directors/Partners/Members:

ABBREVIATED LIST  
OFFICER

BERT F. NEECE  
OTHER

5907 ROCKY BROOK  
KINGWOOD, TX 77345

C. DANA RICE

EPEC  
Altamount

67  
pages

MONTANA SECRETARY OF STATE, CORPORATE RECORD

TREASURER  
1958 BAY CITY PLACE  
EL PASO, TX 79936

DAVID SIDDALL  
SECRETARY  
601 CYRESS STATION DR. #307  
HOUSTON, TX 77090

H. BRENT AUSTIN  
DIRECTOR  
9 LONG TIMBERS TRAIL  
HOUSTON, TX 77024

H. BRENT AUSTIN  
VICE PRESIDENT  
9 LONG TIMBERS TRAIL  
HOUSTON, TX 77024

WILLIAM WISE  
PRESIDENT  
2121 KIRBY DR #50  
HOUSTON, TX 77019

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LEVEL 1 - 7 OF 10 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY  
BE

OBTAINED THROUGH THE OFFICE OF THE MONTANA SECRETARY OF STATE \*\*\*

MONTANA SECRETARY OF STATE, CORPORATE RECORD

Name: TENNECO INC.

Mailing Address: 8401 NEW TRAILS DRIVE  
THE WOODLANDS, TX 77381

Type: CORPORATION (PROFIT)

Status: GOOD STANDING

Filing Date: 7/7/1964

Duration: PERPETUAL

State of Incorporation: NEVADA

Date of Incorporation: 11/22/1960

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 40 W LAWRENCE STE A PO BOX 1166  
HELENA, MT 59624

Number: F006244

Annual Report:

Report Filed: 4/17/1998

Stock:

Type of Stock: COMMON

Value of Stock: \$ 1000

Authorized Quantity: 200

Issued Quantity: 200

Par Value: \$ 5.0000

Convert Common Stock: NO

Officers/Directors/Partners/Members:

ABBREVIATED LIST  
OFFICER

JAMES D GAUGHAN  
OTHER  
7723 POITIER'S DR  
HOUSTON, TX 77071

KAREN R OSAR

MONTANA SECRETARY OF STATE, CORPORATE RECORD

TREASURER  
70 AVIEMORE DRIVE  
NEW ROCHELLE, NY 10804

KARL A. STEWART  
SECRETARY  
107 PERKINS  
GREENWICH, CT 06830

MARK A MCCOLLUM  
DIRECTOR  
314 RICHFIELD ROAD  
WILTON, CT 06897

MARK MCOLLUM  
PRESIDENT  
314 RICHFIELD ROAD  
WILTON, CT 06897

ROBERT G. SIMPSON  
VICE PRESIDENT  
5627 PALISADE FALLS  
KINGWOOD, TX 77345

CALL LEXIS DOCUMENT SERVICES FOR ALL YOUR CORPORATE NEEDS. 800-634-9738



INFORMATION AMERICA - GLOBAL BUSINESS FINDER DETAIL REPORT

7-JUL-19

99

Search Key: [TENNECO OIL] State: ALL Item: 83/97

Page 1

/2

Database Ending Date: 06-04-1999

Data source: Dun & Bradstreet, Inc.

D-U-N-S Number: 00-808-4204

Company Name: TENNECO OIL COMPANY INC

Trade Name: TENNECO OIL EXPLORATION & PROD

1100 MILAM ST

HOUSTON TEXAS 770025401

Country: USA

SIC Code(s): 1311 CRUDE PETRO NATRL GAS

2911 PETROLEUM REFINING

5171 PETROLM BLK STNS TRML

Telephone No: 7137572131

D

INFORMATION AMERICA - GLOBAL BUSINESS FINDER DETAIL REPORT  
99

7-JUL-19

Search Key: [TENNECO OIL] State: ALL Item: 56/97  
/1

Page 1

Database Ending Date: 06-04-1999

Data source: Dun & Bradstreet, Inc.

D-U-N-S Number: 00-395-4096

Company Name: TENNECO OIL CO INC

Trade Name: TENNER OIL

1100 LOUISIANA ST

HOUSTON TEXAS 770025227

Country: USA

SIC Code(s): 1381 DRILLG OIL,GAS WELLS

Telephone No: 7137574996

D



INFORMATION AMERICA - GLOBAL BUSINESS FINDER DETAIL REPORT

7-JUL-19

99

Search Key: [TENNECO OIL] State: ALL Item: 92/97

Page 1

/2

Database Ending Date: 05-01-1996

Data source: DUN & BRADSTREET, INC.

Name: TENNECO OIL COMPANY

Address: P O BOX 2511  
HOUSTON TEXAS 77252

Phone: (713) 757-2131

Officer Name: CHARLES W NANCE, PRES

\*\*\* ALIAS INFORMATION \*\*\*

Alias Name: TENNECO OIL EXPLORATION AND PR

SIC Codes: 13110000 CRUDE PETRO NATRL GAS  
D-U-N-S Number: 00-808-4204  
FEIN: 741383559

INFORMATION AMERICA - GLOBAL BUSINESS FINDER DETAIL REPORT

7-JUL-19

99

Search Key: [TENNECO OIL] State: ALL Item: 89/97

Page 1

/1

Database Ending Date: 06-04-1999

Data source: Dun & Bradstreet, Inc.

D-U-N-S Number: 61-694-8337

Company Name: TENNECO OIL E&P

DIVISION

ENGLEWOOD COLORADO 80155

Country: USA

SIC Code(s): 5541 GASOLINE SERVICE STA

Telephone No: 3037404800

D



INFORMATION AMERICA - GLOBAL BUSINESS FINDER DETAIL REPORT

7-JUL-19

99

Search Key: [TENNECO OIL] State: ALL Item: 73/97

Page 1

/1

Database Ending Date: 05-01-1996

Data source: DUN & BRADSTREET, INC.

Name: TENNECO OIL COMPANY

Address: TAX DEPT

HOUSTON TX 77252

FEIN: 741383559

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D

INFORMATION AMERICA - GLOBAL BUSINESS FINDER DETAIL REPORT

7-JUL-19

99

Search Key: [TENNECO OIL] State: ALL Item: 46/97

Page 1

/2

Database Ending Date: 05-01-1996

Data source: DUN & BRADSTREET, INC.

Name: DIAMOND SHAMROCK

Address: 7603 W 13TH AVE

DENVER CO 80215

Phone: (303)232-9660

Officer Name: BOB PURSH, MGR.

\*\*\* ALIAS INFORMATION \*\*\*

Alias Name: TENNECO OIL CO

SIC Codes: 55410000 GASOLINE SERVICE STA

D-U-N-S Number: 16-955-1082

FEIN: 742505379

D



INFORMATION AMERICA - GLOBAL BUSINESS FINDER DETAIL REPORT

7-JUL-19

99

Search Key: [TENNECO OIL] State: ALL Item: 14/97

Page 1

/1

Database Ending Date: 06-04-1999

Data source: Dun & Bradstreet, Inc.

D-U-N-S Number: 14-975-3170

Company Name: TENNECO OIL & MINERALS OF UMM ALQAIWAIN

1100 LOUISIANA ST

HOUSTON TEXAS 770025227

Country: USA

SIC Code(s): 1311 CRUDE PETRO NATRL GAS

Telephone No: 7137577753

Principal Executive: C W NANCE - PRINCIPAL

D

INFORMATION AMERICA - GLOBAL BUSINESS FINDER DETAIL REPORT

7-JUL-19

99

Search Key: [TENNECO OIL] State: ALL Item: 76/97

Page 1

/1

Database Ending Date: 05-01-1996

Data source: DUN & BRADSTREET, INC.

Name: TENNECO OIL COMPANY

Address: P. O. BOX 2511  
HOUSTON TX 77252

FEIN: 741383559

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INFORMATION AMERICA - GLOBAL BUSINESS FINDER DETAIL REPORT  
99

7-JUL-19

Search Key: [TENNECO OIL] State: ALL Item: 78/97  
/1

Page 1

Database Ending Date: 05-01-1996

Data source: DUN & BRADSTREET, INC.

Name: TENNECO OIL COMPANY

Address: 1010 MILAM  
HOUSTON TX 77002  
Phone: (713) 757-2131

Officer Name: JAMES KETELSEN

SIC Codes: 13110000 CRUDE PETRO NATRL GAS  
D-U-N-S Number: 13-757-4794  
FEIN: 741383559

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7-JUL-19

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Search Key: [TENNECO OIL] State: ALL Item: 78/97

Page 1

/1

Database Ending Date: 05-01-1996

Data source: DUN & BRADSTREET, INC.

Name: TENNECO OIL COMPANY

Address: 1010 MILAM

HOUSTON TX 77002

Phone: (713) 757-2131

Officer Name: JAMES KETELSEN

SIC Codes: 13110000 CRUDE PETRO NATRL GAS

D-U-N-S Number: 13-757-4794

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7-JUL-19

Search Key: [TENNECO OIL] State: ALL Item: 79/97  
/1

Page 1

Database Ending Date: 05-01-1996

Data source: DUN & BRADSTREET, INC.

Name: TENNECO OIL COMPANY

Address: 1100 MILAM  
HOUSTON TX 77002

FEIN: 741383559

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RELATED DOCUMENTS.

D

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WORLDBASE BUSINESS ABSTRACT REPORT

Database Ending Date: 06-04-1999

Agency: Dun & Bradstreet, Inc.

Report Date: 01-21-1988

D-U-N-S Number: 00-808-4204

Name: TENNECO OIL COMPANY INC

Address: 1100 MILAM ST

HOUSTON TEXAS 770025401

Country: USA

Telephone No: 7137572131

Mailing Address: P O BOX 2511



HOUSTON TX 772522511

Country: USA

Related Name: TENNECO OIL EXPLORATION & PROD

Line of Business: CRUDE PTRLM NAT GA

Business Type: SINGLE LOCATION

SIC Codes(s): 1311 CRUDE PETRO NATRL GAS

2911 PETROLEUM REFINING

5171 PETROLM BLK STNS TRML

County: HARRIS

Year Started: 1960

Principal Executive Here: CHARLES W NANCE - PRESIDENT

This Business Is: Not an importer/exporter

Employees Here: 1104  
Employees Total: 8,800

Sales Volume: \$N/A  
Latest Annual Sales: \$2,723,000,000



DUNS: 00-808-4204	DATE PRINTED	SUMMARY	
TENNECO OIL COMPANY (INC)	JUL 07 1999	RATING	NQ
(SUBSIDIARY OF TENNECO			FORMERLY
CORPORATION, HOUSTON, TX)	OIL & GAS		--
+TENNECO OIL EXPLORATION	EXPLORATION &	STARTED	1960
AND PRODUCTION	PRODUCTION;	EMPLOYS	8,800
+TENNECO OIL COMPANY	PETROLEUM		(1,104 HERE)
PROCESSING AND MARKETING	REFINING; WHOL		
	PETROLEUM PRODUCTS		
	FROM TERMINALS		
PO BOX 2511	SIC NOS.		
HOUSTON TX 77252	13 11 29 11 51 71		
1100 MILAM			
AND BRANCH(ES) OR DIVISION(S)			
HOUSTON TX 77002			
TEL: 713 757-2131			

CHIEF EXECUTIVE: CHARLES W NANCE, PRES

=====

SPECIAL EVENTS

08/07/92        On Feb 13 1990, Thomas Corbett, controller, stated the operation  
s

of the client remained discontinued as of Dec 1 1988.

Thomas Corbett, controller, stated assets of subject and subsidiary operations were sold Dec 01 1988 and operations were ceased. He added although the company retained the business name Tenneco Oil Company (Inc), the corporation is now dormant with no operations. Corbett said subsidiary operations were discontinued wit

h

no survivors. Extent of debt, if any, undetermined.

On Apr 26 1990 Thomas Corbett, controller reconfirmed the operations are ceased as previously reported.

On Aug 7 1992 management reconfirmed the operations are ceased a  
s



previously reported.

=====

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\* \* \* CUSTOMER SERVICE \* \* \*

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If you have questions about this report, please call our Customer Service Center at 1-800-234-3867 from anywhere within the U.S. If you are outside the U.S., contact your local D&B office.

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Database Ending Date: 06-04-1999

Data source: Dun & Bradstreet, Inc.

D-U-N-S Number: 00-808-4204

Company Name: TENNECO OIL COMPANY INC

Trade Name: TENNECO OIL EXPLORATION & PROD

1100 MILAM ST

HOUSTON TEXAS 770025401

Country: USA

SIC Code(s): 1311 CRUDE PETRO NATRL GAS

2911 PETROLEUM REFINING

5171 PETROLM BLK STNS TRML

Telephone No: 7137572131



HOUSTON TX 772522511

Country: USA

Related Name: TENNECO OIL EXPLORATION & PROD

Line of Business: CRUDE PTRLM NAT GA

Business Type: SINGLE LOCATION

SIC Codes(s): 1311 CRUDE PETRO NATRL GAS

2911 PETROLEUM REFINING

5171 PETROLM BLK STNS TRML

County: HARRIS

Year Started: 1960

Principal Executive Here: CHARLES W NANCE - PRESIDENT

This Business Is: Not an importer/exporter

Employees Here: 1104  
Employees Total: 8,800

Sales Volume: \$N/A  
Latest Annual Sales: \$2,723,000,000



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WORLDBASE BUSINESS ABSTRACT REPORT

Database Ending Date: 06-04-1999

Agency: Dun & Bradstreet, Inc.

Report Date: 01-21-1988

D-U-N-S Number: 00-808-4204

Name: TENNECO OIL COMPANY INC

Address: 1100 MILAM ST

HOUSTON TEXAS 770025401

Country: USA

Telephone No: 7137572131

Mailing Address: P O BOX 2511

DUNS: 00-808-4204	DATE PRINTED	SUMMARY	
TENNECO OIL COMPANY (INC)	JUL 07 1999	RATING	NQ
(SUBSIDIARY OF TENNECO			FORMERLY
CORPORATION, HOUSTON, TX)	OIL & GAS		--
+TENNECO OIL EXPLORATION	EXPLORATION &	STARTED	1960
AND PRODUCTION	PRODUCTION;	EMPLOYS	8,800
+TENNECO OIL COMPANY	PETROLEUM		(1,104 HERE)
PROCESSING AND MARKETING	REFINING; WHOL		
	PETROLEUM PRODUCTS		
	FROM TERMINALS		
PO BOX 2511	SIC NOS.		
HOUSTON TX 77252	13 11 29 11 51 71		
1100 MILAM			
AND BRANCH(ES) OR DIVISION(S)			
HOUSTON TX 77002			
TEL: 713 757-2131			

CHIEF EXECUTIVE: CHARLES W NANCE, PRES



=====

SPECIAL EVENTS

08/07/92        On Feb 13 1990, Thomas Corbett, controller, stated the operation  
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of the client remained discontinued as of Dec 1 1988.

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08/07/92        On Feb 13 1990, Thomas Corbett, controller, stated the operation  
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On Aug 7 1992 management reconfirmed the operations are ceased a  
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previously reported.

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\* \* \* CUSTOMER SERVICE \* \* \*

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=

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-----  
-  
\* \* \* LIEN(S) \* \* \*  
-----  
-

A lienholder can file the same lien in more than one filing location. The appearance of multiple liens filed by the same lienholder against a debtor may be indicative of such an occurrence.

-----  
-  
BOOK/PAGE: 01051/661  
AMOUNT: \$3,475  
TYPE: State Tax  
1

STATUS: Released  
DATE STATUS ATTAINED: 12/23/199



PUBLIC FILINGS

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-----  
-  
\* \* \* LIEN(S) \* \* \*

-----  
-  
A lienholder can file the same lien in more than one filing location. The appearance of multiple liens filed by the same lienholder against a debtor may be indicative of such an occurrence.  
-----

-  
BOOK/PAGE: 01051/661

AMOUNT: \$3,475

TYPE: State Tax

1

STATUS: Released

DATE STATUS ATTAINED: 12/23/199

FILED BY: STATE OF TEXAS

DATE FILED:

07/07/198

9

AGAINST: TENNECO OIL CO

LATEST INFO RECEIVED: 02/10/199

2

WHERE FILED: HARRIS COUNTY RECORDERS OFFICE,  
HOUSTON, TX

-----

-  
BOOK/PAGE: 01051/663

AMOUNT: \$3,567

STATUS: Released

TYPE: State Tax

DATE STATUS ATTAINED: 12/23/199

1

FILED BY: STATE OF TEXAS

DATE FILED:

07/07/198

9

AGAINST: TENNECO OIL CO

LATEST INFO RECEIVED: 02/10/199

2

WHERE FILED: HARRIS COUNTY RECORDERS OFFICE,  
HOUSTON, TX

-----

-  
BOOK/PAGE: 01051/665

AMOUNT: \$5,637

STATUS: Released

TYPE: State Tax

DATE STATUS ATTAINED: 12/23/199

1

FILED BY: STATE OF TEXAS

DATE FILED:

07/07/198

9



AGAINST: TENNECO OIL CO

LATEST INFO RECEIVED: 02/10/199

2

WHERE FILED: HARRIS COUNTY RECORDERS OFFICE,  
HOUSTON, TX

-----

-

BOOK/PAGE: 15171/1979

AMOUNT: \$3,567

STATUS: Released

TYPE: State Tax

DATE STATUS ATTAINED: 12/09/199

1

FILED BY: STATE OF TEXAS

DATE FILED: 07/07/198

9

AGAINST: TENNECO OIL CO

LATEST INFO RECEIVED: 02/10/199

2

WHERE FILED: HARRIS COUNTY RECORDERS OFFICE,  
HOUSTON, TX

-----

-

BOOK/PAGE: 15171/1989

AMOUNT: \$3,475

STATUS: Released

TYPE: State Tax

DATE STATUS ATTAINED: 12/09/199

1

FILED BY: STATE OF TEXAS

DATE FILED: 07/07/198

9

AGAINST: TENNECO OIL CO

LATEST INFO RECEIVED: 02/10/199

2

WHERE FILED: HARRIS COUNTY RECORDERS OFFICE,  
HOUSTON, TX

---

-  
\* \* \* UCC FILING(S) \* \* \*

---

-  
COLLATERAL: Accounts receivable - Chattel paper

FILING NO: 96146281

DATE FILED: 07/25/199

6

TYPE: Original

LATEST INFO RECEIVED: 08/01/199

6

SEC. PARTY: KEY COMMERCIAL INVESTMENTS, NC.,  
MIDLAND, TX

FILED WITH: SECRETARY OF  
STATE/UCC DIVISION,  
TX

DEBTOR: SOUTHWEST WELL SERVICES, INC.,  
MIDLAND, TX

---

-  
FILING NO: 96146281

DATE FILED: 10/04/199

6

TYPE: Assignment

LATEST INFO RECEIVED: 11/07/199

6

ASSIGNEE: PERMIAN BASIN FINANCIAL, INC.,  
ODESSA, TX

ORIG. UCC FILED: 07/25/1996  
ORIG. FILING NO: 96146281



DEBTOR: SOUTHWEST WELL SERVICES, INC., FILED WITH: SECRETARY OF  
MIDLAND, TX STATE/UCC DIVISION,  
TX

-----  
-  
COLLATERAL: Leased Equipment

FILING NO: 90115163

DATE FILED: 05/23/199

0

TYPE: Original

LATEST INFO RECEIVED: 06/21/199

0

SEC. PARTY: VANTAGE LEASING INC, STAMFORD,  
CT

FILED WITH: SECRETARY OF  
STATE/UCC DIVISION,  
TX

DEBTOR: TENNECO OIL CO

-----  
-  
FILING NO: 932049961

DATE FILED: 07/02/199

3

TYPE: Continuation

LATEST INFO RECEIVED: 07/13/199

3

SEC. PARTY: GOLDOME, BUFFALO, NY

ORIG. UCC FILED: 12/05/1988

ASSIGNEE: CIS CORPORATION, SYRACUSE, NY

ORIG. FILING NO: 882096058

DEBTOR: TENNECO OIL COMPANY

FILED WITH: SECRETARY OF  
STATE/UCC DIVISION,

CO

FILING NO: 88276802

DATE FILED: 06/23/199

3

TYPE: Continuation

LATEST INFO RECEIVED: 07/22/199

3

SEC. PARTY: FDIC AS RECEIVER OF GOLDOME,  
BUFFALO, NY

ORIG. UCC FILED: 12/02/1988

ORIG. FILING NO: 88276802

DEBTOR: TENNECO OIL COMPANY

FILED WITH: SECRETARY OF  
STATE/UCC DIVISION,  
TX

FILING NO: 021173

DATE FILED: 04/22/199

2

TYPE: Continuation

LATEST INFO RECEIVED: 05/15/199

2

SEC. PARTY: EQUITABLE LIFE LEASING CORP,  
DALLAS, TX

ORIG. UCC FILED: 06/01/1987

ORIG. FILING NO: 035911

DEBTOR: TENNECO OIL CO, OKLAHOMA CITY,  
OK

FILED WITH: OKLAHOMA CENTRAL  
FILING OFFICE/UCC  
DIVISION, OK



-----  
-  
FILING NO: 021172 DATE FILED: 04/22/199  
2  
TYPE: Continuation LATEST INFO RECEIVED: 05/15/199  
2  
SEC. PARTY: EQUITABLE LIFE LEASING CORP, ORIG. UCC FILED: 06/06/1987  
KING OF PRUSSIA, PA ORIG. FILING NO: 035912  
DEBTOR: TENNECO OIL CO FILED WITH: OKLAHOMA CENTRAL  
FILING OFFICE/UCC  
DIVISION, OK  
-----

-----  
-  
FILING NO: 87132818 DATE FILED: 04/20/199  
2  
TYPE: Continuation LATEST INFO RECEIVED: 05/14/199  
2  
SEC. PARTY: EQUITABLE LIFE LEASING CORP, ORIG. UCC FILED: 06/01/1987  
KING OF PRUSSIA, PA ORIG. FILING NO: 87132818  
DEBTOR: TENNECO OIL CO FILED WITH: SECRETARY OF  
STATE/UCC DIVISION,  
CA  
-----  
-

FILING NO:	86180635	DATE FILED:	04/15/199
1			
TYPE:	Assignment	LATEST INFO RECEIVED:	05/13/199
1			
SEC. PARTY:	BANK ONE TEXAS NA, DALLAS, TX	ORIG. UCC FILED:	06/16/1986
ASSIGNEE:	FEDERAL DEPOSIT INSURANCE CORP	ORIG. FILING NO:	86180635
	AS RECEIVER FOR MBANK THE	FILED WITH:	SECRETARY OF
	WOODLANDS NA, DALLAS, TX		STATE/UCC DIVISION,
DEBTOR:	TENNECO OIL CO		TX

---

FILING NO:	86061455	DATE FILED:	02/05/199
1			
TYPE:	Assignment	LATEST INFO RECEIVED:	04/01/199
1			
SEC. PARTY:	BANK ONE TEXAS NA, DALLAS, TX	ORIG. UCC FILED:	02/25/1986
ASSIGNEE:	MBANK THE WOODLANDS NA, DALLAS,	ORIG. FILING NO:	86061455
	TX	FILED WITH:	SECRETARY OF
DEBTOR:	TENNECO OIL CO		STATE/UCC DIVISION,
			TX

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The public record items contained in this report may have been paid, terminated, vacated or released prior to the date this report was printed.

07-07(208	/208)	00000	007932858	073073073	H
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FULL DISPLAY COMPLETE

Database Ending Date: 06-04-1999

Data source: Dun & Bradstreet, Inc.

D-U-N-S Number: 10-382-8893

Company Name: TENNECO 1981 DRILLING FUND THE

TENNECO BLDG

HOUSTON TEXAS 770025312

Country: USA

SIC Code(s): 1381 DRILLG OIL,GAS WELLS

Telephone No: 7137572131



D & B BUSINESS RECORDS PLUS  
(Copyright 1999 Dun & Bradstreet, Inc. All Rights Reserved)

WORLDBASE BUSINESS ABSTRACT REPORT

Database Ending Date: 06-04-1999

Agency: Dun & Bradstreet, Inc.

Report Date: 12-16-1985

D-U-N-S Number: 13-757-5031

Name: TENNECO NORWAY OIL CO

Address: 1010 MILAM ST

HOUSTON TEXAS 770025312

Country: USA

Telephone No: 7137572131

Mailing Address: P O BOX 2511

MA0|International Business Abstract

D & B   B U S I N E S S   R E C O R D S   P L U S  
HOUSTON TX 772522511

Country: USA

Line of Business: CRUDE PTRLM NAT GAS

Business Type: SINGLE LOCATION

SIC Codes(s): 1311   CRUDE PETRO NATRL GAS

County: HARRIS

Principal Executive Here: JAMES KETELSEN

This Business Is: Not an importer/exporter

Employees Here: 1

Employees Total: 1

Sales Volume: \$N/A

MA0|International Business Abstract



D & B BUSINESS RECORDS PLUS			
DUNS: 14-975-3170	DATE PRINTED		
TENNECO OIL & MINERALS OF UMM	JUL 07 1999	RATING	NQ
AL-QAIWAIN			FORMERLY
(SUBSIDIARY OF TENNECO INC,	OPERATES OIL AND		--
HOUSTON, TX)	NATURAL GAS FIELD	STARTED	1975
	PROPERTIES		
PO BOX 2511	SIC NO.		
HOUSTON TX 77252	13 11		
1100 LOUISIANA			
HOUSTON TX 77002			
TEL: 713 757-7753			

CHIEF EXECUTIVE: C W NANCE, PRINCIPAL

=====

MA0|Business Information

D & B BUSINESS RECORDS PLUS  
SPECIAL EVENTS

06/09/88      On Jun 8 1988 Leo K Paige, Chief Accountant, parent company,  
stated that the operations of this company have been discontinued.

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\* \* \* CUSTOMER SERVICE \* \* \*

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Center at 1-800-234-3867 from anywhere within the U.S. If you are outside the  
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\*\*\* Additional Decision Support Available \*\*\*

Additional D&B products, credit recommendations and specialized investigations  
are available to help you evaluate this company or its industry. Call Dun &  
Bradstreet's Solution Center at 1-800-362-3425 from anywhere within the U.S.  
MA0|Business Information



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WORLDBASE BUSINESS ABSTRACT REPORT

Database Ending Date: 06-04-1999

Agency: Dun & Bradstreet, Inc.

Report Date: 10-14-1987

D-U-N-S Number: 14-975-3170

Name: TENNECO OIL & MINERALS OF UMM AL-QAIWAIN

Address: 1100 LOUISIANA ST

HOUSTON TEXAS 770025227

Country: USA

Telephone No: 7137577753

Mailing Address: P O BOX 2511

MA0 | International Business Abstract

Database Ending Date: 05-01-1996

Data source: DUN & BRADSTREET, INC.

Name: DIAMOND SHAMROCK

Address: 7603 W 13TH AVE  
DENVER CO 80215

Phone: (303)232-9660

Officer Name: BOB PURSH, MGR.

\*\*\* ALIAS INFORMATION \*\*\*

Alias Name: TENNECO OIL CO

SIC Codes: 55410000 GASOLINE SERVICE STA

D-U-N-S Number: 16-955-1082

FEIN: 742505379



Database Ending Date: 05-01-1996

Data source: DUN & BRADSTREET, INC.

Name: TENNECO OIL COMPANY

Address: 1010 MILAM  
HOUSTON TX 77002

FEIN: 471383559

FOR DOCUMENT ORDERING, CALL (800) 777-8567 TO ORDER ORIGINAL FILINGS AND OTHER  
RELATED DOCUMENTS.

Database Ending Date: 06-04-1999

Data source: Dun & Bradstreet, Inc.

D-U-N-S Number: 00-808-4204

Company Name: TENNECO OIL COMPANY INC

Trade Name: TENNECO OIL EXPLORATION & PROD

1100 MILAM ST

HOUSTON TEXAS 770025401

Country: USA

SIC Code(s): 1311 CRUDE PETRO NATRL GAS

2911 PETROLEUM REFINING

5171 PETROLM BLK STNS TRML

Telephone No: 7137572131



D & B BUSINESS RECORDS PLUS  
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WORLDBASE BUSINESS ABSTRACT REPORT

Database Ending Date: 06-04-1999

Agency: Dun & Bradstreet, Inc.

Report Date: 10-31-1991

D-U-N-S Number: 10-382-8893

Name: TENNECO 1981 DRILLING FUND THE

Address: TENNECO BLDG

HOUSTON TEXAS 770025312

Country: USA

Telephone No: 7137572131

D & B BUSINESS RECORDS PLUS  
Line of Business: DRILL OIL GAS WELLS  
Business Type: SINGLE LOCATION

SIC Codes(s): 1381 DRILLG OIL,GAS WELLS

County: HARRIS

This Business Is: Not an importer/exporter

Employees Here: 3  
Employees Total: 3

Sales Volume: \$N/A  
Latest Annual Sales: \$5,306,000



D & B BUSINESS RECORDS PLUS  
(Copyright 1999 Dun & Bradstreet, Inc. All rights reserved.)

This report is currently not available for this company because the information contained therein is considered too old by Dun & Bradstreet.

Database Ending Date: 05-01-1996

Data source: DUN & BRADSTREET, INC.

Name: TENNECO ASSET PLANNING COMPANY

Address: 1100 MILAN, SUITE 3500  
HOUSTON TX 77002

FEIN: 760078745

FOR DOCUMENT ORDERING, CALL (800) 777-8567 TO ORDER ORIGINAL FILINGS AND OTHER  
RELATED DOCUMENTS.



Data source: Dun & Bradstreet, Inc.

D-U-N-S Number: 92-870-8403

Company Name: TENNECO BUSINESS SERVICES INC

1010 MILAM ST  
HOUSTON TEXAS 770025312

Country: USA

SIC Code(s): 9999 P O BOXES

Telephone No: 7137010000

Search Criteria

User: EPADR002  
Billing Code: FORTPECK  
Service: D&B BUSINESS RECORDS  
D-U-N-S Number: 928708403  
State: International



WORLDBASE BUSINESS ABSTRACT REPORT

Database Ending Date: 06-04-1999

Agency: Dun & Bradstreet, Inc.

Report Date: 03-24-1999

D-U-N-S Number: 92-870-8403

Name: TENNECO BUSINESS SERVICES INC

Address: 1010 MILAM ST

HOUSTON TEXAS 770025312

Country: USA

Telephone No: 7137010000

MA0|International Business Abstract

SIC Codes(s): 9999 P O BOXES

County: HARRIS  
Year Started: 1999

This Business Is: Not an importer/exporter

Employees Here: N/A  
Employees Total: N/A

Sales Volume: \$N/A  
Latest Annual Sales: \$N/A

MA0|International Business Abstract.



DUNS: 92-870-8403  
TENNECO BUSINESS SERVICES INC  
(FORMERLY: TENNECO  
TECHNOLOGY SERVICES INC)

1010 MILAM  
HOUSTON TX 77002  
TEL: 713 701-0000

DATE PRINTED  
JUL 07 1999  
  
UNDETERMINED  
SIC NO.  
99 99

SUMMARY	
RATING	ERN
STARTED	1999
EMPLOYS	UNDETERMINED
HISTORY	INCOMPLETE

CHIEF EXECUTIVE: UNDETERMINED

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MA0|Business Information.

PECIAL  
EVENTS

03/24/99      Business name changed from Tenneco Technology Services Inc to  
                 Tenneco Business Services Inc.  
                 On March 24, 1999, business was taken over in 1999.

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\* \* \*      CUSTOMER SERVICE      \* \* \*

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MA0|Business Information



radstreet's Solution Center at 1-800-362-3425 from anywhere within the U.S.

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\* \* \* SUMMARY ANALYSIS \* \* \*

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The Summary Analysis section reflects information in D&B's file as of July 5, 1999.

RATING SUMMARY . . . .

Those businesses which do not lend themselves to a D&B Rating are assigned an Employee Range designation (ER) which indicates size in terms of number of employees. An ERN indicates that the number of employees is undetermined.

Below is an overview of the company's D&B Rating(s) since 03/24/99:  
MA0|Business Information

RATING

DATE APPLIED

-----  
ERN

-----  
03/24/99

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\* \* \* PAYMENT SUMMARY \* \* \*

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The Payment Summary section reflects payment information in D&B's file as of the date of this report.

D&B has not received a sufficient sample of payment experiences to establish a PAYDEX score.

Below is an overview of the company's dollar-weighted payments, segmented by its suppliers' primary industries:

MA0|Business Information



	TOTAL RCV'D	DOLLAR AMOUNTS	HIGH CREDIT	W/IN TERMS	<31	31-60	61-90	91
+	-----							
-								
	#	\$	\$	%	%	%	%	%
Total in D&B's file	1	15,000	15,000					
Payment By Industry:								
1 Telephone communictns	1	15,000	15,000	50	50	-	-	
Other Payment Categories:								
Cash experiences	0	0	0					
Payment record unknown	0	0	0					
MA0 Business Information								

Placed for collection

with D&B	0	0
other	0	N/A

The highest "Now Owes" on file is \$15,000

The highest "Past Due" on file is \$7,500

D&B receives over 315 million payment experiences each year. We enter these new and updated experiences into D&B Reports as this information is received.

=====

PAYMENTS (Amounts may be rounded to nearest figure in prescribed ranges)

Antic - Anticipated (Payments received prior to date of invoice)

Disc - Discounted (Payments received within trade discount period)

MA0|Business Information



REPORTED E	PAYING RECORD	HIGH CREDIT	NOW OWES	PAST DUE	SELLING TERMS	LAST SAL WITHIN
---------------	------------------	----------------	-------------	-------------	------------------	--------------------

05/99	Ppt-Slow 30	15000	15000	7500		1 Mo
-------	-------------	-------	-------	------	--	------

\* Payment experiences reflect how bills are met in relation to the terms granted. In some instances payment beyond terms can be the result of disputes over merchandise, skipped invoices etc.

\* Each experience shown represents a separate account reported by a supplier. Updated trade experiences replace those previously reported.

=====

# FINANCE

03/24/99 As of March 24, 1999, a search of Dun & Bradstreet's Public MA0|Business Information.

to which this company was named defendant or debtor. Public records received hereafter will be entered into the Database and will be included in reports, which contain public filing section.

On March 24, 1999, attempts to contact the management of this business have been unsuccessful. Outside sources confirmed operation and location.

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HISTORY

03/24/99

UNDETERMINED

DIRECTOR(S): THE OFFICER(S)

Business started 1999 by undetermined. Present control succede

d

1999.

MA0|Business Information



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OPERATION

03/24/99

Undetermined.

EMPLOYEES: Undetermined which includes officer(s).

FACILITIES: Occupies premises in a building.

07-07 (942 /942)

99999

073088088

FULL DISPLAY COMPLETE

MA0|Business Information.

LEVEL 1 - 6 OF 10 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY  
BE  
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MONTANA SECRETARY OF STATE, CORPORATE RECORD

Name: TENNECO COAL COMPANY

Address: 1010 MILAM  
HOUSTON, TX 77002

Type: CORPORATION (PROFIT)

Status: GOOD STANDING

Filing Date: 9/27/1972

Duration: PERPETUAL

State of Incorporation: DELAWARE

Date of Incorporation: 7/31/1972

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 406 FULLER AVE BOX 1166  
HELENA, MT 59624

Number: F008848

Annual Report:  
Report Filed: 4/17/1996

Stock:  
Type of Stock: COMMON  
Value of Stock: \$ 1000  
Authorized Quantity: 200  
Issued Quantity: 200  
Par Value: \$ 5.0000  
Convert Common Stock: NO

Officers/Directors/Partners/Members:

ABBREVIATED LIST  
OFFICER

BERT NEECE  
OTHER  
KINGWOOD, TX 77345

GARY T CHEATHAM  
DIRECTOR



MONTANA SECRETARY OF STATE, CORPORATE RECORD

15019 OLD TAVERN COURT  
HOUSTON, TX 77056

GARY T CHEATHAM  
PRESIDENT  
15019 OLD TAVERN COURT  
HOUSTON, TX 77056

KAREN R.OSAR  
TREASURER  
602 HUNTERS WAY COURT  
HOUSTON, TX 77024

KARL A STEWART  
SECRETARY  
6242 BURGOWNE  
HOUSTON, TX 77257

MICHAEL W MEYER  
DIRECTOR  
10806 LONG SHADOW LN  
HOUSTON, TX 77024

ROBERT G SIMPSON  
VICE PRESIDENT  
KINGWOOD, TX 77345

CALL LEXIS DOCUMENT SERVICES FOR ALL YOUR CORPORATE NEEDS. 800-634-9738

Database Ending Date: 06-04-1999

Data source: Dun & Bradstreet, Inc.

D-U-N-S Number: 06-499-5566

Company Name: TPEX EXPLORATION INC

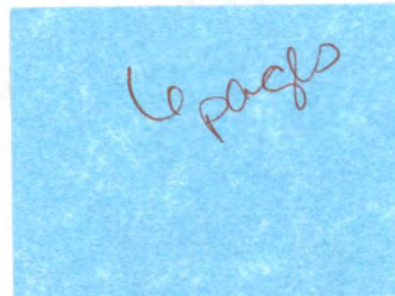
1 MILE EAST ON HWY 20

HOMINY OKLAHOMA 74035

Country: USA

SIC Code(s): 1311 CRUDE PETRO NATRL GAS

Telephone No: 9188856050





D & B BUSINESS RECORDS PLUS  
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Search Criteria

User: EPADR002  
Billing Code: fort peck  
Service: D&B BUSINESS RECORDS  
D-U-N-S Number: 064995566  
State: International

D & B BUSINESS RECORDS PLUS  
(Copyright 1999 Dun & Bradstreet, Inc. All Rights Reserved)

WORLDBASE BUSINESS ABSTRACT REPORT

Database Ending Date: 06-04-1999

Agency: Dun & Bradstreet, Inc.

Report Date: 08-12-1985

D-U-N-S Number: 06-499-5566

Name: TPEX EXPLORATION INC

Address: 1 MILE EAST ON HWY 20

HOMINY OKLAHOMA 74035

Country: USA

Telephone No: 9188856050

Mailing Address: P O BOX 710

MA0|International Business Abstract



D & B BUSINESS RECORDS PLUS

HOMINY OK 740350710

Country: USA

Line of Business: CRUDE PTRLM NAT GAS

Business Type: SINGLE LOCATION

SIC Codes(s): 1311 CRUDE PETRO NATRL GAS

County: OSAGE

This Business Is: Not an importer/exporter

Employees Here: 2

Employees Total: N/A

Sales Volume: \$N/A

Latest Annual Sales: \$N/A

MA0|International Business Abstract

D & B B U S I N E S S R E C O R D S P L U S

DUNS: 06-499-5566	DATE PRINTED		
TPEX EXPLORATION INC	JUL 21 1999	RATING	NQ
			FORMERLY
PO BOX 710	OIL PRODUCER		BRANCH
HOMINY OK 74035	SIC NO.		
1 MILE EAST ON HWY 20	13 11		
HOMINY OK 74035			
TEL: 918-885-6050			

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SPECIAL EVENTS

02/12/86 Subject has discontinued operations, details unknown.  
MA0|Business Information



D & B   B U S I N E S S   R E C O R D S   P L U S

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\* \* \*   C U S T O M E R   S E R V I C E   \* \* \*

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07-21(1P5   /8)

071   018

MA0|Business Information

## LEVEL 1 - 8 OF 28 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY  
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## UTAH SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.Officer Address: 1700 PACIFIC AVENUE  
DALLAS, TX 75201

Type: CORPORATION (PROFIT)

Status: MERGED OUT OF EXISTENCE

Filing Date: 7/6/1981

State of Incorporation: DELAWARE

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 50 W BROADWAY 8TH FLOOR  
SALT LAKE CITY, UT 84101-2006

Number: 93282

Annual Report:  
Report Filed: 7/20/1990

## Stock:

Type of Stock: COMMON  
Authorized Quantity: 1000  
Voting Right: NO  
Convert Common Stock: NO

## Officers/Directors/Partners/Members:

HAMILTON P. SCHRAUFF  
TREASURER  
1700 PACIFIC AVENUE  
DALLAS, TX 75201LELAND J. MCVAY  
PRESIDENT/DIRECTOR  
1700 PACIFIC AVENUE  
DALLAS, TX 75201THEODORE R. WARREN  
VICE PRESIDENT  
1700 PACIFIC AVENUE  
DALLAS, TX 75201

Merged into Marathon Oil Company

417  
418Ohio Corp.  
74 75 76 77  
208  
276  
278  
280  
339  
184  
204  
217  
224  
225  
271  
88  
135  
136  
121  
191539 S. main  
Findlay OH.

101 pages



## UTAH SECRETARY OF STATE, CORPORATE RECORD

## History:

DATE	TYPE	COMMENT
		MERGED INTO MARATHON OIL COMPANY,
1/14/1991	MISCELLANEOUS	AN OH CORP., THE SURVIVOR (HOME (CONTINUED)
6/11/1985	MISCELLANEOUS	CORPORATE ANNUAL REPORT RETURNED, MUST SEND ATTACHED LISTS. (JW)

CALL LEXIS DOCUMENT SERVICES FOR ALL YOUR CORPORATE NEEDS. 800-634-9738

1ST DOCUMENT of Level 1 printed in FULL format.

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MONTANA SECRETARY OF STATE, CORPORATE RECORD

Name: TEXAS OIL & GAS CORP.

Mailing Address: 1209 ORANGE ST  
WILMINGTON, DE 19801

Type: CORPORATION (PROFIT)

Status: GOOD STANDING

Filing Date: 6/4/1992

Duration: PERPETUAL

State of Incorporation: DELAWARE

Date of Incorporation: 11/15/1976

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 40 W LAWRENCE STE A PO BOX 1166  
HELENA, MT 59624

Number: F023167

Annual Report:  
Report Filed: 4/20/1998

Stock:  
Type of Stock: COMMON  
Authorized Quantity: 1000  
Issued Quantity: 100  
Convert Common Stock: NO

Officers/Directors/Partners/Members:

J A EVANS  
DIRECTOR  
539 S MAIN ST  
FINDLAY, OH 45840

J A EVANS  
PRESIDENT  
539 S MAIN ST  
FINDLAY, OH 45840

J M MINARD



MONTANA SECRETARY OF STATE, CORPORATE RECORD

DIRECTOR  
539 S MAIN ST  
FINDLAY, OH 45840

J M MINARD  
VICE PRESIDENT  
539 S MAIN ST  
FINDLAY, OH 45840

J R HALEY  
OTHER  
539 S MAIN ST  
FINDLAY, OH 45840

M J HATCHER  
TREASURER  
539 S MAIN ST  
FINDLAY, OH 45840

S L FORD  
DIRECTOR  
539 S MAIN ST  
FINDLAY, OH 45840

S L FORD  
SECRETARY  
539 S MAIN ST  
FINDLAY, OH 45840

CALL LEXIS DOCUMENT SERVICES FOR ALL YOUR CORPORATE NEEDS. 800-634-9738

Database Ending Date: 06-04-1999

Data source: Dun & Bradstreet, Inc.

D-U-N-S Number: 07-835-9619

Company Name: TEXAS OIL & GAS CORP

Trade Name: TXO PRODUCTION CORP

1660 LINCOLN ST STE 1800  
DENVER COLORADO 802641801

Country: USA

SIC Code(s): 1382 OIL,GAS EXPLORATN SV

Telephone No: 3038614246

Principal Executive: STEVE TILLMAN



D & B   B U S I N E S S   R E C O R D S   P L U S

Reports available for:

07-835-9619

Name: TEXAS OIL & GAS CORP

Location: COLORADO

1. BUSINESS ABSTRACT - company overview, executives, limited financial information
2. BUSINESS INFORMATION REPORT - Report may be available for this company. If available, report may contain company history and operations, credit rating, payment summary, financial summary, executives, public filings.

D & B B U S I N E S S R E C O R D S P L U S

DUNS: 07-835-9619  
TEXAS OIL & GAS CORP  
TXO PRODUCTION CORP

DATE PRINTED  
JUL 07 1999

RATING

NQ  
FORMERLY  
BRANCH

1660 LINCOLN SUITE 1800  
DENVER CO 80264  
TEL: UNKNOWN

OIL & GAS  
EXPLORATION &  
PRODUCTION  
SIC NO.  
13 82

STEVE TILLMAN

=====

MA0|Business Information



D & B   B U S I N E S S   R E C O R D S   P L U S  
SPECIAL EVENTS

01/08/91      Outside sources stated that subject discontinued operations at  
this location.

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\* \* \*      C U S T O M E R   S E R V I C E      \* \* \*

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MA0|Business Information

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WORLDBASE BUSINESS ABSTRACT REPORT

Database Ending Date: 06-04-1999

Agency: Dun & Bradstreet, Inc.

Report Date: 01-08-1991

D-U-N-S Number: 07-835-9619

Name: TEXAS OIL & GAS CORP

Address: 1660 LINCOLN ST STE 1800  
DENVER COLORADO 802641801

Country: USA

Telephone No: 3038614246

MA0|International Business Abstract



Database Ending Date: 06-04-1999

Data source: Dun & Bradstreet, Inc.

D-U-N-S Number: 00-650-0235

Company Name: TEXAS OIL & GAS CORP

Trade Name: TXO PRODUCTION CORP

2705 MONTANA AVE

BILLINGS MONTANA 591012302

Country: USA

SIC Code(s): 1382 OIL,GAS EXPLORATN SV

Telephone No: 4062484330

D & B BUSINESS RECORDS PLUS  
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WORLDBASE BUSINESS ABSTRACT REPORT

Database Ending Date: 06-04-1999

Agency: Dun & Bradstreet, Inc.

Report Date: 09-10-1981

D-U-N-S Number: 00-650-0235

Name: TEXAS OIL & GAS CORP

Address: 2705 MONTANA AVE

BILLINGS MONTANA 591012302

Country: USA

Telephone No: 4062484330

MA0|International Business Abstract



D & B B U S I N E S S R E C O R D S P L U S			
DUNS: 00-650-0235	DATE PRINTED		
TEXAS OIL & GAS CORP	JUL 07 1999	RATING	NQ
+TXO PRODUCTION CORP			FORMERLY
	OIL & GAS		NQ
2705 MONTANA AVE	EXPLORATION		
(CHAMBER OF COMMERCE BLDG)	SIC NO.		
BILLINGS MT 59101	13 82		
TEL: 406 248-4330			

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SPECIAL EVENTS

MA0|Business Information

01/10/90 D & B BUSINESS RECORDS PLUS  
There is no longer a branch in Billings, MT.

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\* \* \* CUSTOMER SERVICE \* \* \*

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07-07(4T3 /019)

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050 194

MA0|Business Information



Database Ending Date: 06-04-1999

Data source: Dun & Bradstreet, Inc.

D-U-N-S Number: 12-625-5447

Company Name: TEXAS OIL & GAS CORP

Trade Name: TXO

31171 RD 38

LAMAR COLORADO 81052

Country: USA

SIC Code(s): 1381 DRILLG OIL,GAS WELLS

Telephone No: 7193363201

D & B BUSINESS RECORDS PLUS			
DUNS: 12-625-5447	DATE PRINTED		
TEXAS OIL & GAS CORP	JUL 07 1999	RATING	NQ
+TXO			FORMERLY
	OIL WELL DRILLING		BRANCH
PO BOX 1155	SIC NO.		
LAMAR CO 81052	13 81		
31171 RD 3.8			
LAMAR CO 81052			
TEL: NONE			

NONE

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SPECIAL EVENTS

MA0|Business Information



D & B   B U S I N E S S   R E C O R D S   P L U S

02/12/91       Sources contacted stated subject no longer operates from  
captioned address.

Business name is correct as captioned.

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\* \* \*   C U S T O M E R   S E R V I C E   \* \* \*

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MA0|Business Information

D & B BUSINESS RECORDS PLUS  
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WORLDBASE BUSINESS ABSTRACT REPORT

Database Ending Date: 06-04-1999

Agency: Dun & Bradstreet, Inc.

Report Date: 02-12-1991

D-U-N-S Number: 12-625-5447

Name: TEXAS OIL & GAS CORP

Address: 31171 RD 38

LAMAR COLORADO 81052

Country: USA

Telephone No: 7193363201

Mailing Address: P O BOX 1155

MA0|International Business Abstract



Database Ending Date: 06-04-1999

Data source: Dun & Bradstreet, Inc.

D-U-N-S Number: 00-792-8245

Company Name: TEXAS OIL & GAS CORP

1700 PACIFIC AVE

DALLAS TEXAS 752017322

Country: USA

SIC Code(s): 4922 NATURAL GAS TRANSMIS  
1321 NATURAL GAS LIQUIDS  
1311 CRUDE PETRO NATRL GAS  
1381 DRILLG OIL,GAS WELLS

Telephone No: 2149542000

Principal Executive: VICTOR G BEGHINI - PRESIDENT



D & B BUSINESS RECORDS PLUS  
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WORLDBASE BUSINESS ABSTRACT REPORT

Database Ending Date: 06-04-1999

Agency: Dun & Bradstreet, Inc.

Report Date: 12-26-1991

D-U-N-S Number: 00-792-8245

Name: TEXAS OIL & GAS CORP

Address: 1700 PACIFIC AVE

DALLAS TEXAS 752017322

Country: USA

Telephone No: 2149542000

MA0|International Business Abstract

D & B BUSINESS RECORDS PLUS  
Line of Business: NATRL GAS TRANSMSSN  
Business Type: SINGLE LOCATION

SIC Codes(s) : 4922 NATURAL GAS TRANSMIS  
1321 NATURAL GAS LIQUIDS  
1311 CRUDE PETRO NATRL GAS  
1381 DRILLG OIL,GAS WELLS

County: DALLAS  
Year Started: 1986

Principal Executive Here: VICTOR G BEGHINI - PRESIDENT  
This Business Is: Not an importer/exporter

Employees Here: 6  
Employees Total: 872

MA0|International Business Abstract



D & B BUSINESS RECORDS PLUS

Sales Volume: \$N/A

Latest Annual Sales: \$718,000,000

MA0|International Business Abstract

D & B   B U S I N E S S   R E C O R D S   P L U S			
DUNS: 00-792-8245	DATE PRINTED	SUMMARY	
TEXAS OIL & GAS CORP	JUL 07 1999	RATING	NQ
(SUBSIDIARY OF USX			FORMERLY
CORPORATION, PITTSBURGH, PA)	NATURAL GAS		5A2
	GATHERING &	STARTED	1986
	TRANSMISSION,	EMPLOYS	872 (6 HERE)
	NATURAL GAS		
1700 PACIFIC AVENUE	LIQUIDS, DRILLING		
AND BRANCH(ES) OR DIVISION(S)	CONTRACTOR & OIL &		
(NINE FLOORS-FIRST CITY CENTER)	GAS EXPLORATION &		
DALLAS TX 75201	PRODUCTION		
TEL: 214 954-2000			
	SIC NOS.		
	49 22 13 21 13 11		
	13 81		

MA0|Business Information

Database Ending Date: 06-04-1999

Data source: Dun & Bradstreet, Inc.

D-U-N-S Number: 02-665-8435

Company Name: TEXAS OIL & GAS CORP

Trade Name: TXO PRODUCTION

333 CLAY ST STE 3600

HOUSTON TEXAS 770024178

Country: USA

SIC Code(s): 4612 CRUD PETRO PIPE LINE

1311 CRUDE PETRO NATRL GAS

Telephone No: 7136580111



Principal Executive: JAMES B GRESHAM

D & B BUSINESS RECORDS PLUS  
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WORLDBASE BUSINESS ABSTRACT REPORT

Database Ending Date: 06-04-1999

Agency: Dun & Bradstreet, Inc.

Report Date: 10-25-1991

D-U-N-S Number: 02-665-8435

Name: TEXAS OIL & GAS CORP

Address: 333 CLAY ST STE 3600

HOUSTON TEXAS 770024178

Country: USA

Telephone No: 7136580111

MA0|International Business Abstract

D & B B U S I N E S S R E C O R D S P L U S

Related Name: TXO PRODUCTION

Line of Business: CRUDE PTRLEUM PPLNS

Business Type: SINGLE LOCATION

SIC Codes(s): 4612 CRUD PETRO PIPE LINE  
1311 CRUDE PETRO NATRL GAS

County: HARRIS

Principal Executive Here: JAMES B GRESHAM

This Business Is: Not an importer/exporter

Employees Here: 18

Employees Total: N/A

Sales Volume: \$N/A

Latest Annual Sales: \$N/A

MA0|International Business Abstract



D & B   B U S I N E S S   R E C O R D S   P L U S			
DUNS: 02-665-8435		DATE PRINTED	
TEXAS OIL & GAS CORP		JUL 07 1999	RATING   NQ
+TXO PRODUCTION			
333 CLAY ST #3600		GAS PIPELINE AND	
HOUSTON TX 77002		PRODUCTION	
TEL: 713 658-0111		SIC NOS.	
		46 12 13 11	

CHIEF EXECUTIVE: JAMES B GRESHAM

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SPECIAL EVENTS	
MA0 Business Information	

D & B   B U S I N E S S   R E C O R D S   P L U S

10/25/91      Texas Oil is no longer operating. They were bought out by Delhi  
Oil and Gas Production.

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\*   \*   \*   C U S T O M E R   S E R V I C E   \*   \*   \*

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MA0|Business Information

## LEVEL 1 - 5 OF 28 DOCUMENTS

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BE  
OBTAINED THROUGH THE OFFICE OF THE NEBRASKA SECRETARY OF STATE \*\*\*

## NEBRASKA SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Type: CORPORATION (PROFIT)

Status: NOT IN GOOD STANDING

Filing Date: 7/6/1981

Duration: PERPETUAL

State of Incorporation: DELAWARE

Registered Agent: C T CORPORATION SYSTEM

Registered Office: SUITE 1500, 206 SOUTH 13TH STREET  
LINCOLN, NE 68508

Agent Status: ACTIVE

Number: 588350

Business Taxes:  
Taxes Paid: \$ 910

## History:

DATE	TYPE	COMMENT
1/10/1991	MISCELLANEOUS	MERGED OUT ROLL: 00911 PAGE NMBR: 00421.
7/31/1987	MISCELLANEOUS	CERTIFICATE OF REINSTATEMENT ROLL: 08723 PAGE NMBR: 01161.
4/16/1987	MISCELLANEOUS	NON PAYMENT ROLL: 00000 PAGE NMBR: 00000.
7/6/1981	MISCELLANEOUS	ARTICLES PERPETUAL ROLL: 08117 PAGE NMBR: 00384.

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LEVEL 1 - 6 OF 28 DOCUMENTS

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BE  
OBTAINED THROUGH THE OFFICE OF THE WEST VIRGINIA SECRETARY OF STATE  
\*\*\*

WEST VIRGINIA SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Business Address: 1700 PACIFIC AVENUE LB-10  
DALLAS, TX 75201-4696

Type: CORPORATION

Status: INACTIVE/MERGER

Filing Date: 6/20/1981

State of Incorporation: DELAWARE

Registered Agent: C T CORPORATION

Registered Office: P.O. BOX 951  
CHARLESTON, WV 25323

Number: 860930144117MPE

Officers/Directors/Partners/Members:

HAMILTON P. SCHRAUFF  
TREASURER

LELAND J. MCVAY  
PRESIDENT

R. G. SCHWEERS  
VICE PRESIDENT

SAME AS PRES.  
DIRECTOR

CALL LEXIS DOCUMENT SERVICES FOR ALL YOUR CORPORATE NEEDS. 800-634-9738

## LEVEL 1 - 7 OF 28 DOCUMENTS

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BE

OBTAINED THROUGH THE OFFICE OF THE NEW MEXICO SECRETARY OF STATE \*\*\*

## NEW MEXICO SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Type: CORPORATION (PROFIT)

Status: MERGED OUT

Filing Date: 7/20/1981

Duration: PERPETUAL

State of Incorporation: DELAWARE

Date of Incorporation: 7/20/1981

Additional Information: REPORT CODE:GOOD STANDING

Number: 1106905

## History:

DATE	TYPE	COMMENT
1/14/1991	MISCELLANEOUS	FOREIGN MERGER; MERGING INTO MARATHON OIL COMPANY (OH) 1147065 (FILED UNDER OH LAW)
7/20/1981	MISCELLANEOUS	CERTIFICATE OF AUTHORITY; TXO PRODUCTION CORP. PERPETUAL

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LEVEL 1 - 9 OF 28 DOCUMENTS

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BE  
OBTAINED THROUGH THE OFFICE OF THE WYOMING SECRETARY OF STATE \*\*\*

WYOMING SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Mailing Address: FIRST CITY CENTER 1700 PACIFIC A LB-10  
DALLAS, TX 75201

Type: CORPORATION (PROFIT)

Status: MERGE

Status Date: 1/17/1991

Filing Date: 7/6/1981

State of Incorporation: DELAWARE

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 1720 CAREY AVE. BOX 1083  
CHEYENNE, WY 82001

Additional Information: THE LAST ANNUAL REPORT SUBMITTED TO THE STATE WAS  
FOR 1990 STATE REFERENCE # 212413

Number: 1980001823021

Stock:

Type of Stock: COMMON  
Authorized Quantity: 1000  
Par Value: \$ 1.0000  
Convert Common Stock: NO

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## LEVEL 1 - 10 OF 28 DOCUMENTS

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BE  
OBTAINED THROUGH THE OFFICE OF THE OKLAHOMA SECRETARY OF STATE \*\*\*

## OKLAHOMA SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Type: CORPORATION (PROFIT)

Status: WITHDRAWAL

Status Date: 1/10/1991

Filing Date: 7/6/1981

State of Incorporation: DELAWARE

Registered Agent: SECRETARY OF STATE

Registered Office: 101 STATE CAPITOL BLDG.  
OKLA. CITY, OK 73105

Agent Status: ACTIVE

Number: FB00370738

## Stock:

Type of Stock: COMMON  
Value of Stock: \$ 1000  
Authorized Quantity: 1000  
Par Value: \$ 1.0000  
Voting Right: YES  
Convert Common Stock: NO

## History:

DATE	TYPE	COMMENT
1/10/1991	WITHDRAWN AUTHORIZATION	WITHDRAWAL.

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LEVEL 1 - 11 OF 28 DOCUMENTS

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BE  
OBTAINED THROUGH THE OFFICE OF THE NORTH DAKOTA SECRETARY OF STATE \*\*\*

NORTH DAKOTA SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Business Address: FIRST CITY CENTER; 1700 PACIFIC AVE  
DALLAS, TX 75201-7322

Type: CORPORATION (PROFIT)

Status: RETIRED BY ACT OF MERGER

Status Date: 1/17/1991

Filing Date: 8/5/1981

Duration: PERPETUAL

State of Incorporation: DELAWARE

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 314 E THAYER AVE.; PO BOX 400  
BISMARCK, ND 58502-0400

Number: 3353300

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LEVEL 1 - 12 OF 28 DOCUMENTS

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BE  
OBTAINED THROUGH THE OFFICE OF THE SOUTH DAKOTA SECRETARY OF STATE \*\*\*

SOUTH DAKOTA SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Business Address: FIRST CITY CENTER; 1700 PACIFIC AVE., L.B. 10  
DALLAS, TX 75201-4620

Type: CORPORATION (PROFIT)

Status: WITHDRAWAL

Filing Date: 7/7/1981

Duration: PERPETUAL

State of Incorporation: DELAWARE

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 319 SO. COTEAU ST.  
PIERRE, SD 57501-3108

Number: FB007823

Stock:

Value of Stock: \$ 1000

Authorized Quantity: 1000

Par Value: \$ 1.0000

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LEVEL 1 - 13 OF 28 DOCUMENTS

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BE  
OBTAINED THROUGH THE OFFICE OF THE MISSISSIPPI SECRETARY OF STATE \*\*\*

MISSISSIPPI SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Mailing Address: 1700 PACIFIC AVE  
DALLAS, TX 75201-4696

Type: OIL AND GAS

Status: REVOKED-MERGER INTO FOREIGN ENTITY

Filing Date: 7/7/1981

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 118 NORTH CONGRESS STREET  
JACKSON, MS 39205

Agent Status: ACTIVE

FEIN: 751710388

Number: 300761

Officers/Directors/Partners/Members:

HAMILTON P SCHRAUFF  
TREASURER  
118 NORTH CONGRESS STREET  
JACKSON, MS 39205

J MICHAEL TALBERT  
CHAIRMAN/DIRECTOR  
118 NORTH CONGRESS STREET  
JACKSON, MS 39205

MARTIN B MCNAMARA  
SECRETARY/DIRECTOR  
118 NORTH CONGRESS STREET  
JACKSON, MS 39205

R G SCHWEERS  
VICE PRESIDENT  
118 NORTH CONGRESS STREET  
JACKSON, MS 39205

History:

## MISSISSIPPI SECRETARY OF STATE, CORPORATE RECORD

DATE	TYPE	COMMENT
1/15/1991	REVOKED CORPORATION	REVOCATION DUE TO MERGER INTO FOREIGN ENTITY TO1700 PACIFIC AVE :: DALLAS , TX
4/2/1990	ADDRESS CHANGE	75201-469
4/2/1990	MISCELLANEOUS	ISSUE ANNUAL REPORT
4/3/1989	MISCELLANEOUS	ISSUE ANNUAL REPORT
4/1/1988	ADDRESS CHANGE	TO1700 PACIFIC AVENUE :: DALLAS , TX 75201-469

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LEVEL 1 - 14 OF 28 DOCUMENTS

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BE  
OBTAINED THROUGH THE OFFICE OF THE ARKANSAS SECRETARY OF STATE \*\*\*

ARKANSAS SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP. (M)

Mailing Address: 100 W. THIRD  
WILMINGTON, DE 19801

Type: CORPORATION (PROFIT)

Status: MERGED OUT OF EXISTENCE

Filing Date: 7/13/1981

State of Incorporation: DELAWARE

Registered Agent: THE CORPORATION COMPANY

Registered Office: 417 SPRING ST.  
LITTLE ROCK, AR 72201

Number: CP00067194

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LEVEL 1 - 15 OF 28 DOCUMENTS

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BE  
OBTAINED THROUGH THE OFFICE OF THE KANSAS SECRETARY OF STATE \*\*\*

KANSAS SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Mailing Address: 1700 PACIFIC AVE ; LB #10  
DALLAS, TX 75201-4696

Type: CORPORATION (PROFIT)

Status: MERGED OUT

Filing Date: 8/17/1981

Duration: PERPETUAL

State of Incorporation: DELAWARE

Date of Incorporation: 8/17/1981

Registered Agent: THE CORPORATION COMPANY, INC.

Registered Office: 515 S KANSAS AVE  
TOPEKA, KS 66603

Additional Information: 1989/12/31 ANNUAL RPT ON MICROFILM ROLL 0232, FRAME 01165

FEIN: 751710388

Number: 7159924

Annual Report:  
Report Due Date: 4/15/1991

Officers/Directors/Partners/Members:

HAMILTON P SCHRAUFF  
TREASURER  
6849 MIDCREST  
DALLAS, TX 75252

J M TALBERT  
DIRECTOR  
17704 CEDAR CREEK CANYON  
DALLAS, TX 75252

LELAND J MCVAY  
PRESIDENT/DIRECTOR  
3100 ST ALBANS CIRCLE

## KANSAS SECRETARY OF STATE, CORPORATE RECORD

COLLEYVILLE, TX 76034

MARTIN B MCNAMARA  
SECRETARY/DIRECTOR  
9307 GUERNSEY LN  
DALLAS, TX 75220

## History:

DATE	TYPE	COMMENT
1/17/1991	MISCELLANEOUS	NON-SURVIVOR OF A MERGER WITH CORPORATION # 7175094 1989/12/31 ANNUAL REPORT FILED. LOCATED ON MICROFILM ROLL
9/27/1990	MISCELLANEOUS	0232, FRAME 01165 1988/12/31 ANNUAL REPORT FILED. LOCATED ON MICROFILM ROLL
10/11/1989	MISCELLANEOUS	0161, FRAME 00851 1987/12/31 ANNUAL REPORT FILED. LOCATED ON MICROFILM ROLL
10/19/1988	MISCELLANEOUS	0128, FRAME 00628 1986/12/31 ANNUAL REPORT FILED. LOCATED ON MICROFILM ROLL
9/15/1987	MISCELLANEOUS	0180, FRAME 00411

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LEVEL 1 - 16 OF 28 DOCUMENTS

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TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCING PROPERTIES CORP.

Principal Office: 1700 PACIFIC AVE LB 10  
DALLAS, TEXAS 75201

Tax Address: 1700 PACIFIC AVE LB-10  
DALLAS, COLORADO 75201

Type of Corporation: FOREIGN PROFIT

Status: DEAD

Status Comment: TERMINATION (foreign corporation, type 6 and 7 only)

Status Date: 10/26/1987

Filing Date: 11/30/1978

Duration: PERPETUAL

State of Incorporation: DELAWARE

Registered Agent: C T CORP SYSTEM

Registered Office: 1601 ELM STREET  
DALLAS, TEXAS 75201

Prior Names: SABRE RESOURCES INC.  
Changed: 01/24/1980

CLARION RESOURCES INC.  
Changed: 07/29/1982

ROXY RESOURCES INC.  
Changed: 04/02/1984

Parent Company: TXO PRODUCTION CORPORATION  
State: DELAWARE  
% Owned: 100

Tax Year: 1987

State Tax ID: 018408278820

Officers and Directors:



## TEXAS SECRETARY OF STATE, CORPORATE RECORD

CARTER, A D\*JR  
PRESIDENT  
(BOTH OFFICER AND DIRECTOR)  
1700 PACIFIC AVENUE  
DALLAS, TEXAS 75201

CANFIELD, CHARLES L  
VICE PRESIDENT  
(OFFICER)  
1700 PACIFIC AVENUE  
DALLAS, TEXAS 75201

MORGAN, JOHN R  
VICE PRESIDENT  
(OFFICER)  
1700 PACIFIC AVENUE  
DALLAS, TEXAS 75201

DOYLE, RICHARD F  
VICE PRESIDENT  
(OFFICER)  
1700 PACIFIC AVENUE  
DALLAS, TEXAS 75201

SCHRAUFF, HAMILTON P  
VICE PRESIDENT AND TREASURER  
(OFFICER)  
1700 PACIFIC AVENUE  
DALLAS, TEXAS 75201

SCHWEERS, R G  
VICE PRESIDENT AND ASSISTANT SECRETARY  
(OFFICER)  
1700 PACIFIC AVENUE  
DALLAS, TEXAS 75201

YOUNG, BOB F  
VICE PRESIDENT  
(BOTH OFFICER AND DIRECTOR)  
1700 PACIFIC AVENUE  
DALLAS, TEXAS 75201

MCNAMARA, MARTIN B  
SECRETARY AND GENC  
(OFFICER)  
1700 PACIFIC AVENUE  
DALLAS, TEXAS 75201

BINFORD, JOSEPH R  
ASSISTANT SECRETARY  
(OFFICER)  
1700 PACIFIC AVENUE  
DALLAS, TEXAS 75201

## TEXAS SECRETARY OF STATE, CORPORATE RECORD

HENDERSON, JANET  
ASSISTANT TREASURER  
(OFFICER)  
1700 PACIFIC AVENUE  
DALLAS, TEXAS 75201

LANDRUM, J L  
ASSISTANT TREASURER  
(OFFICER)  
1700 PACIFIC AVENUE  
DALLAS, TEXAS 75201

HOGLUND, FORREST E  
(DIRECTOR)  
1700 PACIFIC AVENUE  
DALLAS, TEXAS 75201

Number: 00044111-06

## History:

Date	Transaction
-----	-----
10/26/1987	TERMINATION

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LEVEL 1 - 17 OF 28 DOCUMENTS

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INDIANA SECRETARY OF STATE, CORPORATE/LTD PARTNERSHIP RECORDS

NAME: TXO PRODUCTION CORP

TYPE: FOREIGN CORPORATION FOR-PROFIT

STATUS: MERGED OUT OF EXISTENCE AS OF 01/14/1991

STATUS-COMMENT: Merged corporate number: 198206-866

DATE OF INCORPORATION/QUALIFICATION: 11/18/1985

MAILING ADDRESS: 1700 PACIFIC AVE LB-10  
FIRST CITY CENTER  
DALLAS, TX 75201

STATE OF INCORPORATION: DELAWARE

REGISTERED AGENT: C T CORPORATION SYSTEM

REGISTERED OFFICE: 1 N CAPITOL AV  
INDIANAPOLIS, IN 46000

ANNUAL-REPORT: 1986, 1987, 1988, 1989

PRESIDENT: LELAND J. MCVAY  
1700 PACIFIC AVE LB-10  
DALLAS TX, TX

SECRETARY: MCNAMARA.MARTIN. B.  
1700 PACIFIC AVE LB-10  
DALLAS TX, TX

FEIN: 751710388

NUMBER: 198511-598

HISTORY: ANNUAL REPORT FOREIGN FOR-PROFIT  
FILED: 01/08/1990, EFFECTIVE: 01/08/1990

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TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Principal Place of Business: 1700 PACIFIC AVE.  
DALLAS, TEXAS 75201

Principal Office: 1700 PACIFIC AVE.  
DALLAS, TEXAS 75201

Tax Address: 1700 PACIFIC AVE LB10  
DALLAS, TEXAS 75201

Type of Corporation: FOREIGN PROFIT

Status: DEAD

Status Comment: TERMINATION (foreign corporation, type 6 and 7 only)

Status Date: 12/24/1990

Filing Date: 07/06/1981

Duration: PERPETUAL

State of Incorporation: DELAWARE

Registered Agent: CT CORPORATION SYSTEM

Registered Office: 350 N. ST. PAUL STREET  
DALLAS, TEXAS 75201

Parent Company: TEXAS OIL AND GAS CORP  
State: DELAWARE  
% Owned: 100

Tax Year: 1990

State Tax ID: 017517103887

Officers and Directors:  
LELAND, MCVAY J  
(DIRECTOR)  
3100 ST ALBANS CIRCLE  
COLLEYVILLE, TEXAS 76034

JOHN, HUPPLER D

## TEXAS SECRETARY OF STATE, CORPORATE RECORD

VICE PRESIDENT

(OFFICER)

1503 WOODLAND DR  
ATYLER, TEXAS 75701

MARTIN, MCNAMARA B

(DIRECTOR)

9307 GUERNSEY LANE  
DALLAS, TEXAS 75220

HAMILTON, SCHRAUFF P

TREASURER

(OFFICER)

6849 MIDCREST  
DALLAS, TEXAS 75220

PHILIP, DAVENPORT A

AC

(OFFICER)

5928 DUBLIN ST, K#2209  
DALLAS, TEXAS 75205

DONALD, STEVENSON J

AC

(OFFICER)

3900 CROSS HILL COURT  
ARLINGTON, TEXAS 76015

TALBERT, MICHAEL J

(DIRECTOR)

17704 CEDAR CREEK CANYON DR  
DALLAS, TEXAS 75252

WARREN, THEODORE R

EXECUTIVE VICE PRESIDENT

(OFFICER)

9527 ROCKY BRANCH  
DALLAS, TEXAS 75243

BRUNING, JAMES E

SENIOR VICE PRESIDENT

(OFFICER)

1728 HUNTERS POINT ROAD  
FORT SMITH, ARKANSAS 72903

GRADICK, GROVER G

SENIOR VICE PRESIDENT

(OFFICER)

510 WOODLAND HILLS DRIVE  
TYLER, TEXAS 75701

LITTLE, LOUIS E

SENIOR VICE PRESIDENT

(OFFICER)

## TEXAS SECRETARY OF STATE, CORPORATE RECORD

ROUTE 1 BOX 62-A  
TAFT, TEXAS 78390

TILLMAN, STEPHEN G  
SENIOR VICE PRESIDENT  
(OFFICER)  
2 SNOWY OWL LANE  
LITTLETON, COLORADO 80127

BECKER, RONALD G  
VICE PRESIDENT AND AC  
(OFFICER)  
330 N FLAMINGO AVENUE  
BETHANY, OKLAHOMA 73008

CHOISSER, DAVID J  
VICE PRESIDENT AND AC  
(OFFICER)  
10002 GLEN CANYON  
DALLAS, TEXAS 75243

CLIFFORD, P J  
VICE PRESIDENT  
(OFFICER)  
3402 SALISBURY  
MIDLAND, TEXAS 79707

GRESHAM, JAMES B  
VICE PRESIDENT  
(OFFICER)  
2402 AOK BANK  
KINGWOOD, TEXAS 77339

KNOWLES, TOMMIE L  
VICE PRESIDENT  
(OFFICER)  
320 OIL & GAS BUILDING  
WICHITA FALLS, TEXAS 76301

PEARCE, R M  
VICE PRESIDENT  
(OFFICER)  
10010 WILLOWICK CT  
SHREVEPORT, LOUISIANA 71118

SCHWEERS, R G  
VICE PRESIDENT  
(OFFICER)  
4107 MANORVIEW LANE  
MESQUITE, TEXAS 75150

WILEY, JOE M  
ASSISTANT VICE PRESIDENT  
(OFFICER)



## TEXAS SECRETARY OF STATE, CORPORATE RECORD

2602 SAINT ANDREWS  
ENNIS, TEXAS 75119

JOSEPH, BINFORD R  
ACP  
(OFFICER)  
943 LEATRICE  
DALLAS, TEXAS 75208

VARELA, RICHARD A  
VICE PRESIDENT  
(OFFICER)  
4804 OAKWOOD CT  
MIDLAND, TEXAS 79707

CLEMTS, R L.  
VICE PRESIDENT  
(OFFICER)  
205 DORAL  
PORTLAND, TEXAS 78374

PERKINS, DAVID T  
VICE PRESIDENT  
(OFFICER)  
12500 ROBERTS ROAD  
EDMOND, OKLAHOMA

73013  
(OFFICER)

GONSALVES, R G  
VICE PRESIDENT  
(OFFICER)  
5109 APPLE VALLEY DRIVE  
COLLEYVILLE, TEXAS 76034

EVANS, CHARLES R.  
VICE PRESIDENT  
(OFFICER)  
4121 HAMPSHSIRE  
PLANO, TEXAS 75093

GANGLUFF, KEVIN E.  
VICE PRESIDENT  
(OFFICER)  
161 FALLRIVER DRIVE  
FOLSOM, CALIFORNIA 95630

STEVENSON, DONALD J  
ASSISTANT SECRETARY  
(OFFICER)  
3900 CROSS HILL COURT  
ARLINGTON, TEXAS 76016

## TEXAS SECRETARY OF STATE, CORPORATE RECORD

ALVIS, JOEL B  
ASSISTANT TREASURER  
(OFFICER)  
3410 HEATHER HILL DRIVE  
GARLAND, TEXAS 75042

Number: 00051533-06

## History:

Date	Transaction
-----	-----
07/13/1990	CHANGE OF REGISTERED AGENT
12/24/1990	TERMINATION

CALL LEXIS DOCUMENT SERVICES FOR ALL YOUR CORPORATE NEEDS. 800-634-9738

## LEVEL 1 - 19 OF 28 DOCUMENTS

\*\*\*THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY BE OBTAINED THROUGH THE OFFICE OF THE ILLINOIS SECRETARY OF STATE \*\*\*

## ILLINOIS SECRETARY OF STATE, CORPORATE RECORD

NAME: TXO PRODUCTION CORP.

TYPE: FOREIGN CORPORATION

STATUS: WITHDRAWN AS OF: 04/03/90

DURATION: PERPETUAL

ANNIVERSARY MONTH: DECEMBER

DATE OF INCORPORATION/QUALIFICATION: 12/02/1982

STATE OF INCORPORATION: DELAWARE

REGISTERED AGENT: CT CORPORATION SYSTEM

REGISTERED OFFICE: 208 SOUTH LASALLE STREET  
CHICAGO, ILL 60604-1135  
COOK COUNTY

ANNUAL-REPORT:	PREVIOUS TAX YEAR 1988	CURRENT TAX YEAR 1989
	-----	-----
DATE ANNUAL REPORT FORM MAILED		
TO CORPORATION:	10/15/1988	10/13/1989
DUE DATE OF ANNUAL REPORT:	12/01/1988	12/01/1989
DATE ANNUAL REPORT FILED:	12/08/1988	12/06/1989
DATE FRANCHISE TAX PAID:	12/08/1988	12/06/1989
TAX FACTOR:	1.000000	1.000000
TAX AMOUNT PAID:	\$ 25.00	\$ 25.00
ANNUAL REPORT CAPITAL:	\$ 0.00	\$ 0.00
ILLINOIS CAPITAL:	\$ 0.00	\$ 0.00

PRESIDENT: LELAND J MCVAY  
1700 PACIFIC AVE LB-10 DALLAS TX 75201-4696

SECRETARY: WITHDRAWN  
04 03 90

HISTORY: REGULATED BY ILLINOIS COMMERCE COMMISSION: NO

FEIN: 751710388

CORPORATION NUMBER: 52918081

CURRENT CAPITAL AND STOCK INFORMATION:



## ILLINOIS SECRETARY OF STATE, CORPORATE RECORD

ILLINOIS CAPITAL (FOREIGN ONLY): \$ 1,000  
LAST CHANGE IN CAPITAL: 12/02/1982  
TAX CAPITAL: \$ 1,000  
TOTAL CAPITAL: \$ 1,000

STOCK CLASS	AUTHORIZED SHARES	SHARES ISSUED	PAR VALUE	VOTING RIGHTS
PAR	1,000	0	0	UNKNOWN

\* Note -- Stock information provided by Illinois is incomplete.

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LEVEL 1 - 20 OF 28 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY  
BE  
OBTAINED THROUGH THE OFFICE OF THE KENTUCKY SECRETARY OF STATE \*\*\*

KENTUCKY SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Mailing Address: 1700 PACIFIC AVE LB 10  
DALLAS, TX 75201

Type: CORPORATION (PROFIT)

Status: INACTIVE

Filing Date: 10/25/1985

State of Incorporation: DELAWARE

Registered Agent: KY. SECRETARY OF STATE

Registered Office: 1700 PACIFIC AVE LB 10  
DALLAS, TX 75201

Additional Information: BUSINESS STANDING: GOOD

Number: 207577

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LEVEL 1 - 21 OF 28 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY  
BE

OBTAINED THROUGH THE OFFICE OF THE VIRGINIA SECRETARY OF STATE \*\*\*

VIRGINIA SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Business Address: 1700 PACIFIC AVE LB-10;FIRST CITY CENTER  
DALLAS, TX 75201

Type: CORPORATION

Status: WITHDRAWN

Status Date: 5/24/1990

Filing Date: 10/30/1985

Duration: PERPETUAL

State of Incorporation: DELAWARE

Registered Agent: EDWARD R. PARKER

Registered Office: 5511 STAPLES MILL ROAD  
RICHMOND, VA 23228

Agent Status: ACTIVE

Additional Information: INDUSTRY: GENERAL

Number: F049408

Stock:

Type of Stock: COMMON

Authorized Quantity: 1000

Convert Common Stock: NO

Officers/Directors/Partners/Members:

ALVIS, JOEL B  
ASSISTANT TREASURER

BECKER, RONALD G  
VICE PRESIDENT

BINFORD, JOSEPH R  
ASSISTANT SECRETARY

BRUNING, JAMES E  
SENIOR VICE PRESIDENT



VIRGINIA SECRETARY OF STATE, CORPORATE RECORD

CHOISSER, J DAVID  
VICE PRESIDENT

CLEMENTS, R L  
VICE PRESIDENT

CLIFFORD, P J  
VICE PRESIDENT

DAVENPORT, PHILIP A  
ASSISTANT SECRETARY

EVANS, CHARLES R  
VICE PRESIDENT

GANGLUFF, KEVIN E  
VICE PRESIDENT

GONSALVES, R G  
VICE PRESIDENT

GRADICK, GROVER G  
SENIOR VICE PRESIDENT

GRESHAM, JAMES B  
VICE PRESIDENT

HUPPLER, JOHN D  
SENIOR VICE PRESIDENT

KNOWLES, TOMMY L  
VICE PRESIDENT

LITTLE, LOUIS E  
SENIOR VICE PRESIDENT

MCNAMARA, MARTIN B  
SECRETARY

MCVAY, LELAND J  
PRESIDENT

PEARCE, R M  
VICE PRESIDENT

PERKINS, DAVID T  
VICE PRESIDENT

SCHRAUFF, HAMILTON P  
TREASURER

SCHWEERS, R G  
VICE PRESIDENT

VIRGINIA SECRETARY OF STATE, CORPORATE RECORD

STEVENSON, DONALD J  
ASSISTANT SECRETARY

TILLMAN, STEPHEN G  
SENIOR VICE PRESIDENT

VARELA, RICHARD A  
VICE PRESIDENT

WARREN, THEODORE R  
VICE PRESIDENT

CALL LEXIS DOCUMENT SERVICES FOR ALL YOUR CORPORATE NEEDS. 800-634-9738

LEVEL 1 - 22 OF 28 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY  
BE

OBTAINED THROUGH THE OFFICE OF THE KENTUCKY SECRETARY OF STATE \*\*\*

KENTUCKY SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Mailing Address: 1700 PACIFIC AVE LB 10  
DALLAS, TX 75201

Type: CORPORATION (PROFIT)

Status: INACTIVE

Filing Date: 10/25/1985

State of Incorporation: DELAWARE

Registered Agent: KY. SECRETARY OF STATE

Registered Office: 1700 PACIFIC AVE LB 10  
DALLAS, TX 75201

Additional Information: BUSINESS STANDING: GOOD

Number: 207577

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## LEVEL 1 - 23 OF 28 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY  
BE  
OBTAINED THROUGH THE OFFICE OF THE LOUISIANA SECRETARY OF STATE \*\*\*

## LOUISIANA SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Mailing Address: 1700 PACIFIC AVE. LB-10  
DALLAS, TX 75201

Type: CORPORATION (PROFIT)

Status: MERGED INTO ANOTHER ENTITY

Status Date: 1/16/1991

Filing Date: 7/13/1981

State of Incorporation: DELAWARE

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 601 POYDRAS STREET  
NEW ORLEANS, LA 70130

Additional Information: ENTITY IS NOT IN GOOD STANDING

Number: 33506340F

## Officers/Directors/Partners/Members:

JAMES E. BRUNING  
VICE PRESIDENT  
1700 PACIFIC AVE., LB-10  
DALLAS, TX 75201

LELAND J. MCVAY  
PRESIDENT  
1700 PACIFIC AVE., LB-10  
DALLAS, TX 75201

THEODORE R. WARREN  
EXECUTIVE VICE PRESIDENT  
1700 PACIFIC AVE., LB-10  
DALLAS, TX 75201

## History:

DATE	TYPE	COMMENT
1/16/1991	MISCELLANEOUS	MERGER; FOR ADD'L DETAILS, SEE AMENDMENT ID 34373133

## LOUISIANA SECRETARY OF STATE, CORPORATE RECORD

4/30/1990	MISCELLANEOUS	89 ANNUAL REPORT FILED
5/16/1989	MISCELLANEOUS	88 ANNUAL REPORT FILED
5/17/1988	MISCELLANEOUS	87 ANNUAL REPORT FILED
5/4/1987	MISCELLANEOUS	86 ANNUAL REPORT FILED
		STATEMENT OF CHANGE OR CHANGE
		PRINCIPAL BUSINESS OFFICE FOR
		NON-LOUISIANA CORPORATION AND
4/1/1986	MISCELLANEOUS	PARTNERSHIP
		STATEMENT OF CHANGE OR CHANGE
		PRINCIPAL BUSINESS OFFICE FOR
		NON-LOUISIANA CORPORATION AND
2/22/1985	MISCELLANEOUS	PARTNERSHIP

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## LEVEL 1 - 24 OF 28 DOCUMENTS

\*\*\* THIS DATA IS INFORMATIONAL, AND ANY CERTIFIED COPIES MUST BE OBTAINED FROM THE PENNSYLVANIA DEPARTMENT OF STATE. \*\*\*

## PENNSYLVANIA DEPARTMENT OF STATE, CORPORATE/LTD PARTNERSHIP RECORD

NAME: TXO PRODUCTION CORP.

TYPE: FOREIGN BUSINESS

STATUS: NOT IN GOOD STANDING (WITHDRAWN)

DATE OF INCORPORATION/QUALIFICATION: 11/04/1983

MAILING ADDRESS: 1700 PACIFIC AVE LB10  
FIRST CITY CTR  
DALLAS, TX 75201-0000

STATE: DELAWARE

REGISTERED OFFICE: 123 SOUTH BROAD STREET, C/O C T CORPORAT  
ION SYSTEM  
PHILADELPHIA, PA 19109-0000  
PHILADELPHIA COUNTY

## OFFICERS:

Name	Title
A D CARTER JR	CEO
STEPHEN L ANDRE	SECRETARY
HAMILTON P SCHRAUFF	TREASURER
CHARLES L CANFIELD	VICE PRESIDENT
Effective 12/31/1989	

NUMBER: 0788126

## HISTORY:

DATE	TRANSACTION	MICROFILM ROLL START/END
01/14/1991	ARTICLES MERGER/CONSOLIDATION	09103 1091/1091
COMMENTS:	759734 MARATHON OIL COMPANY	
11/04/1983	CERTIFICATE OF AUTHORITY - BUSINESS	08365 1368/0000
COMMENTS:	ENDING PG 1370	

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LEVEL 1 - 25 OF 28 DOCUMENTS

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BE  
OBTAINED THROUGH THE OFFICE OF THE OREGON SECRETARY OF STATE \*\*\*

OREGON SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Business Address: 1700 PACIFIC AVE  
DALLAS, TX 75201

Type: CORPORATION (PROFIT)

Status: INACTIVE

Filing Date: 12/22/1986

Duration: PERPETUAL

State of Incorporation: DELAWARE

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 800 PACIFIC BLDG  
PORTLAND, OR 97204

Agent Status: ACTIVE

FEIN: 751710388

Number: 5761887

Officers/Directors/Partners/Members:

LELAND J MCVAY  
PRESIDENT  
1700 PACIFIC  
DALLAS, TX 75201

MARTIN B MCNAMARA  
SECRETARY  
1700 PACIFIC  
DALLAS, TX 75201

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## LEVEL 1 - 26 OF 28 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY BE OBTAINED THROUGH THE OFFICE OF THE OHIO SECRETARY OF STATE. \*\*\*

## OHIO SECRETARY OF STATE, CORPORATE RECORD

NAME: TXO PRODUCTION CORP.

TYPE: FOREIGN CORPORATION

STATUS: NOT IN GOOD STANDING

DATE OF INCORPORATION/QUALIFICATION: 11/2/1983

MAILING ADDRESS: 1700 PACIFIC AVE.

DALLAS, TX 75201

ADDRESS TYPE: PRINCIPAL ADDRESS

STATE OF INCORPORATION: DELAWARE

REGISTERED AGENT: C T CORPORATION SYSTEM STATUS: INACTIVE

REGISTERED OFFICE: 815 SUPERIOR AVE ,NE

CLEVELAND, OH 44114

TRANSACTION TYPE: FOREIGN LICENSE/FOR-PROFIT

CHARTER NUMBER: 623328

## HISTORY:

DATE	TRANSACTION	ROLL	FRAME
----	-----	----	-----
12/24/1990	MERGED OUT OF EXISTENCE	H027	1805
12/24/1990	MERGER/DOMESTIC	H027	1796
12/31/1989	FORM 7 NO FEE ASSESSED	F925	2038
12/31/1988	FORM 7 NO FEE ASSESSED	F920	1910
12/31/1987	FORM 7 NO FEE ASSESSED	F916	0764
12/31/1986	FORM 7 NO FEE ASSESSED	F911	0032
8/31/1985	FORM 7 NO FEE ASSESSED	F905	1084
5/15/1985	FORM 7 NO FEE ASSESSED	F743	1909
11/13/1984	FORM 7 NO FEE ASSESSED	F565	2158
10/1/1984	FOREIGN/AGENT CHANGE OF ADDRESS	F585	1799
11/2/1983	FOREIGN LICENSE/FOR-PROFIT	F353	0960

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LEVEL 1 - 27 OF 28 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY BE OBTAINED THROUGH THE OFFICE OF THE CALIFORNIA SECRETARY OF STATE. \*\*\*

CALIFORNIA SECRETARY OF STATE, CORPORATE RECORD.

NAME: TXO PRODUCTION CORP.

TYPE OF CORPORATION: STATEMENT AND DESIGNATION BY FOREIGN CORPORATION

CORPORATE STATUS: SURRENDERED

DATE OF INCORPORATION/QUALIFICATION: 07/07/1981

MAILING ADDRESS: 1700 PACIFIC AVE  
NO LB-10  
DALLAS, TX 75201

STATE OF INCORPORATION: DELAWARE

REGISTERED AGENT: C T CORPORATION SYSTEM

REGISTERED OFFICE: 818 WEST SEVENTH STREET  
LOS ANGELES, CA 90017

PRESIDENT: LELAND J MCVAY  
1700 PACIFIC AVE  
NO LB-10  
DALLAS, TX 75201

STATEMENT OF OFFICERS FILE NUMBER: 285678

STATEMENT OF OFFICERS FILE DATE: 07/03/89

TAX-BASIS: STOCK

CORPORATE NUMBER: 1083212

HISTORY:

DATE: 05/16/1991  
TRANSACTION: CERTIFICATE OF SURRENDER BY FOREIGN CORPORATION  
AMENDMENT NO: D0382088

DATE: 03/29/1991  
TRANSACTION: FRANCHISE TAX BOARD RESTORATION

DATE: 12/03/1990  
TRANSACTION: FRANCHISE TAX BOARD FORFEITURE

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LEVEL 1 - 28 OF 28 DOCUMENTS

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ONLY BE  
OBTAINED THROUGH THE OFFICE OF THE FLORIDA SECRETARY OF STATE \*\*\*

FLORIDA SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Mailing Address: 539 SOUTH MAIN STREET  
FINDLAY, OH 45840

Type: FOREIGN FOR PROFIT

Status: INACTIVE

Filing Date: 12/7/1982

State of Incorporation: DELAWARE

FEIN: 751710388

Number: 854874

Annual Report:

Last Report Date: 6/13/1990

Previous Year Report Date: 6/19/1989

Two Year Previous Report Date: 7/6/1988

Officers/Directors/Partners/Members:

MCNAMARA, MARTIN B  
1700 PACIFIC AVE  
DALLAS TX  
SECRETARY/DIRECTOR

MCVAY, LELAND J.  
1700 PACIFIC AVE  
DALLAS TX  
PRESIDENT/DIRECTOR

SCHRAUFF, HAMILTON P  
1700 PACIFIC AVE  
DALLAS TX  
VICE PRESIDENT/TREASURER

SCHWEERS, R G  
1700 PACIFIC AVE  
DALLAS TX  
VICE PRESIDENT

TALBERT, J. MICHAEL  
1700 PACIFIC AVE

## FLORIDA SECRETARY OF STATE, CORPORATE RECORD

DALLAS TX  
CEO/DIRECTOR

WARREN, THEODORE R.  
1700 PACIFIC AVE  
DALLAS TX  
VICE PRESIDENT

## History:

DATE	TYPE	COMMENT
01/07/1991	WITHDRAWAL	

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## LEVEL 1 - 5 OF 28 DOCUMENTS

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OBTAINED THROUGH THE OFFICE OF THE NEBRASKA SECRETARY OF STATE \*\*\*

## NEBRASKA SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Type: CORPORATION (PROFIT)

Status: NOT IN GOOD STANDING

Filing Date: 7/6/1981

Duration: PERPETUAL

State of Incorporation: DELAWARE

Registered Agent: C T CORPORATION SYSTEM

Registered Office: SUITE 1500, 206 SOUTH 13TH STREET  
LINCOLN, NE 68508

Agent Status: ACTIVE

Number: 588350

Business Taxes:  
Taxes Paid: \$ 910

## History:

DATE	TYPE	COMMENT
1/10/1991	MISCELLANEOUS	MERGED OUT ROLL: 00911 PAGE NMBR: 00421.
7/31/1987	MISCELLANEOUS	CERTIFICATE OF REINSTATEMENT ROLL: 08723 PAGE NMBR: 01161.
4/16/1987	MISCELLANEOUS	NON PAYMENT ROLL: 00000 PAGE NMBR: 00000.
7/6/1981	MISCELLANEOUS	ARTICLES PERPETUAL ROLL: 08117 PAGE NMBR: 00384.

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LEVEL 1 - 6 OF 28 DOCUMENTS

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BE  
OBTAINED THROUGH THE OFFICE OF THE WEST VIRGINIA SECRETARY OF STATE  
\*\*\*

WEST VIRGINIA SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Business Address: 1700 PACIFIC AVENUE LB-10  
DALLAS, TX 75201-4696

Type: CORPORATION

Status: INACTIVE/MERGER

Filing Date: 6/20/1981

State of Incorporation: DELAWARE

Registered Agent: C T CORPORATION

Registered Office: P.O. BOX 951  
CHARLESTON, WV 25323

Number: 860930144117MPE

Officers/Directors/Partners/Members:

HAMILTON P. SCHRAUFF  
TREASURER

LELAND J. MCVAY  
PRESIDENT

R. G. SCHWEERS  
VICE PRESIDENT

SAME AS PRES.  
DIRECTOR

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## LEVEL 1 - 7 OF 28 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY  
BE  
OBTAINED THROUGH THE OFFICE OF THE NEW MEXICO SECRETARY OF STATE \*\*\*

## NEW MEXICO SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Type: CORPORATION (PROFIT)

Status: MERGED OUT

Filing Date: 7/20/1981

Duration: PERPETUAL

State of Incorporation: DELAWARE

Date of Incorporation: 7/20/1981

Additional Information: REPORT CODE:GOOD STANDING

Number: 1106905

## History:

DATE	TYPE	COMMENT
		FOREIGN MERGER; MERGING INTO MARATHON OIL COMPANY (OH) 1147065 (FILED UNDER OH LAW)
1/14/1991	MISCELLANEOUS	
7/20/1981	MISCELLANEOUS	CERTIFICATE OF AUTHORITY; TXO PRODUCTION CORP. PERPETUAL

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LEVEL 1 - 9 OF 28 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY  
BE

OBTAINED THROUGH THE OFFICE OF THE WYOMING SECRETARY OF STATE \*\*\*

WYOMING SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Mailing Address: FIRST CITY CENTER 1700 PACIFIC A LB-10  
DALLAS, TX 75201

Type: CORPORATION (PROFIT)

Status: MERGE

Status Date: 1/17/1991

Filing Date: 7/6/1981

State of Incorporation: DELAWARE

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 1720 CAREY AVE. BOX 1083  
CHEYENNE, WY 82001

Additional Information: THE LAST ANNUAL REPORT SUBMITTED TO THE STATE WAS  
FOR 1990 STATE REFERENCE # 212413

Number: 1980001823021

Stock:

Type of Stock: COMMON  
Authorized Quantity: 1000  
Par Value: \$ 1.0000  
Convert Common Stock: NO

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## LEVEL 1 - 10 OF 28 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY  
BE  
OBTAINED THROUGH THE OFFICE OF THE OKLAHOMA SECRETARY OF STATE \*\*\*

## OKLAHOMA SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Type: CORPORATION (PROFIT)

Status: WITHDRAWAL

Status Date: 1/10/1991

Filing Date: 7/6/1981

State of Incorporation: DELAWARE

Registered Agent: SECRETARY OF STATE

Registered Office: 101 STATE CAPITOL BLDG.  
OKLA. CITY, OK 73105

Agent Status: ACTIVE

Number: FB00370738

## Stock:

Type of Stock: COMMON  
Value of Stock: \$ 1000  
Authorized Quantity: 1000  
Par Value: \$ 1.0000  
Voting Right: YES  
Convert Common Stock: NO

## History:

DATE	TYPE	COMMENT
1/10/1991	WITHDRAWN AUTHORIZATION	WITHDRAWAL.

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LEVEL 1 - 11 OF 28 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY  
BE  
OBTAINED THROUGH THE OFFICE OF THE NORTH DAKOTA SECRETARY OF STATE \*\*\*

NORTH DAKOTA SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Business Address: FIRST CITY CENTER; 1700 PACIFIC AVE  
DALLAS, TX 75201-7322

Type: CORPORATION (PROFIT)

Status: RETIRED BY ACT OF MERGER

Status Date: 1/17/1991

Filing Date: 8/5/1981

Duration: PERPETUAL

State of Incorporation: DELAWARE

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 314 E THAYER AVE.; PO BOX 400  
BISMARCK, ND 58502-0400

Number: 3353300

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LEVEL 1 - 12 OF 28 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY  
BE  
OBTAINED THROUGH THE OFFICE OF THE SOUTH DAKOTA SECRETARY OF STATE \*\*\*

SOUTH DAKOTA SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Business Address: FIRST CITY CENTER; 1700 PACIFIC AVE., L.B. 10  
DALLAS, TX 75201-4620

Type: CORPORATION (PROFIT)

Status: WITHDRAWAL

Filing Date: 7/7/1981

Duration: PERPETUAL

State of Incorporation: DELAWARE

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 319 SO. COTEAU ST.  
PIERRE, SD 57501-3108

Number: FB007823

Stock:

Value of Stock: \$ 1000

Authorized Quantity: 1000

Par Value: \$ 1.0000

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LEVEL 1 - 13 OF 28 DOCUMENTS

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OBTAINED THROUGH THE OFFICE OF THE MISSISSIPPI SECRETARY OF STATE \*\*\*

MISSISSIPPI SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Mailing Address: 1700 PACIFIC AVE  
DALLAS, TX 75201-4696

Type: OIL AND GAS

Status: REVOKED-MERGER INTO FOREIGN ENTITY

Filing Date: 7/7/1981

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 118 NORTH CONGRESS STREET  
JACKSON, MS 39205

Agent Status: ACTIVE

FEIN: 751710388

Number: 300761

Officers/Directors/Partners/Members:

HAMILTON P SCHRAUFF  
TREASURER  
118 NORTH CONGRESS STREET  
JACKSON, MS 39205

J MICHAEL TALBERT  
CHAIRMAN/DIRECTOR  
118 NORTH CONGRESS STREET  
JACKSON, MS 39205

MARTIN B MCNAMARA  
SECRETARY/DIRECTOR  
118 NORTH CONGRESS STREET  
JACKSON, MS 39205

R G SCHWEERS  
VICE PRESIDENT  
118 NORTH CONGRESS STREET  
JACKSON, MS 39205

History:

## MISSISSIPPI SECRETARY OF STATE, CORPORATE RECORD

DATE	TYPE	COMMENT
1/15/1991	REVOKED CORPORATION	REVOCATION DUE TO MERGER INTO FOREIGN ENTITY TO1700 PACIFIC AVE :: DALLAS , TX
4/2/1990	ADDRESS CHANGE	75201-469
4/2/1990	MISCELLANEOUS	ISSUE ANNUAL REPORT
4/3/1989	MISCELLANEOUS	ISSUE ANNUAL REPORT
4/1/1988	ADDRESS CHANGE	TO1700 PACIFIC AVENUE :: DALLAS , TX 75201-469

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LEVEL 1 - 14 OF 28 DOCUMENTS

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OBTAINED THROUGH THE OFFICE OF THE ARKANSAS SECRETARY OF STATE \*\*\*

ARKANSAS SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP. (M)

Mailing Address: 100 W. THIRD  
WILMINGTON, DE 19801

Type: CORPORATION (PROFIT)

Status: MERGED OUT OF EXISTENCE

Filing Date: 7/13/1981

State of Incorporation: DELAWARE

Registered Agent: THE CORPORATION COMPANY

Registered Office: 417 SPRING ST.  
LITTLE ROCK, AR 72201

Number: CP00067194

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LEVEL 1 - 15 OF 28 DOCUMENTS

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BE

OBTAINED THROUGH THE OFFICE OF THE KANSAS SECRETARY OF STATE \*\*\*

KANSAS SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Mailing Address: 1700 PACIFIC AVE ; LB #10  
DALLAS, TX 75201-4696

Type: CORPORATION (PROFIT)

Status: MERGED OUT

Filing Date: 8/17/1981

Duration: PERPETUAL

State of Incorporation: DELAWARE

Date of Incorporation: 8/17/1981

Registered Agent: THE CORPORATION COMPANY, INC.

Registered Office: 515 S KANSAS AVE  
TOPEKA, KS 66603

Additional Information: 1989/12/31 ANNUAL RPT ON MICROFILM ROLL 0232, FRAME 01165

FEIN: 751710388

Number: 7159924

Annual Report:  
Report Due Date: 4/15/1991

Officers/Directors/Partners/Members:

HAMILTON P SCHRAUFF  
TREASURER  
6849 MIDCREST  
DALLAS, TX 75252

J M TALBERT  
DIRECTOR  
17704 CEDAR CREEK CANYON  
DALLAS, TX 75252

LELAND J MCVAY  
PRESIDENT/DIRECTOR  
3100 ST ALBANS CIRCLE

## KANSAS SECRETARY OF STATE, CORPORATE RECORD

COLLEYVILLE, TX 76034

MARTIN B MCNAMARA  
SECRETARY/DIRECTOR  
9307 GUERNSEY LN  
DALLAS, TX 75220

## History:

DATE	TYPE	COMMENT
1/17/1991	MISCELLANEOUS	NON-SURVIVOR OF A MERGER WITH CORPORATION # 7175094 1989/12/31 ANNUAL REPORT FILED. LOCATED ON MICROFILM ROLL
9/27/1990	MISCELLANEOUS	0232, FRAME 01165 1988/12/31 ANNUAL REPORT FILED. LOCATED ON MICROFILM ROLL
10/11/1989	MISCELLANEOUS	0161, FRAME 00851 1987/12/31 ANNUAL REPORT FILED. LOCATED ON MICROFILM ROLL
10/19/1988	MISCELLANEOUS	0128, FRAME 00628 1986/12/31 ANNUAL REPORT FILED. LOCATED ON MICROFILM ROLL
9/15/1987	MISCELLANEOUS	0180, FRAME 00411

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LEVEL 1 - 16 OF 28 DOCUMENTS

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TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCING PROPERTIES CORP.

Principal Office: 1700 PACIFIC AVE LB 10  
DALLAS, TEXAS 75201

Tax Address: 1700 PACIFIC AVE LB-10  
DALLAS, COLORADO 75201

Type of Corporation: FOREIGN PROFIT

Status: DEAD

Status Comment: TERMINATION (foreign corporation, type 6 and 7 only)

Status Date: 10/26/1987

Filing Date: 11/30/1978

Duration: PERPETUAL

State of Incorporation: DELAWARE

Registered Agent: C T CORP SYSTEM

Registered Office: 1601 ELM STREET  
DALLAS, TEXAS 75201

Prior Names: SABRE RESOURCES INC.  
Changed: 01/24/1980

CLARION RESOURCES INC.  
Changed: 07/29/1982

ROXY RESOURCES INC.  
Changed: 04/02/1984

Parent Company: TXO PRODUCTION CORPORATION  
State: DELAWARE  
% Owned: 100

Tax Year: 1987

State Tax ID: 018408278820

Officers and Directors:



## TEXAS SECRETARY OF STATE, CORPORATE RECORD

CARTER, A D\*JR  
PRESIDENT  
(BOTH OFFICER AND DIRECTOR)  
1700 PACIFIC AVENUE  
DALLAS, TEXAS 75201

CANFIELD, CHARLES L  
VICE PRESIDENT  
(OFFICER)  
1700 PACIFIC AVENUE  
DALLAS, TEXAS 75201

MORGAN, JOHN R  
VICE PRESIDENT  
(OFFICER)  
1700 PACIFIC AVENUE  
DALLAS, TEXAS 75201

DOYLE, RICHARD F  
VICE PRESIDENT  
(OFFICER)  
1700 PACIFIC AVENUE  
DALLAS, TEXAS 75201

SCHRAUFF, HAMILTON P  
VICE PRESIDENT AND TREASURER  
(OFFICER)  
1700 PACIFIC AVENUE  
DALLAS, TEXAS 75201

SCHWEERS, R G  
VICE PRESIDENT AND ASSISTANT SECRETARY  
(OFFICER)  
1700 PACIFIC AVENUE  
DALLAS, TEXAS 75201

YOUNG, BOB F  
VICE PRESIDENT  
(BOTH OFFICER AND DIRECTOR)  
1700 PACIFIC AVENUE  
DALLAS, TEXAS 75201

MCNAMARA, MARTIN B  
SECRETARY AND GENC  
(OFFICER)  
1700 PACIFIC AVENUE  
DALLAS, TEXAS 75201

BINFORD, JOSEPH R  
ASSISTANT SECRETARY  
(OFFICER)  
1700 PACIFIC AVENUE  
DALLAS, TEXAS 75201

## TEXAS SECRETARY OF STATE, CORPORATE RECORD

HENDERSON, JANET  
ASSISTANT TREASURER  
(OFFICER)  
1700 PACIFIC AVENUE  
DALLAS, TEXAS 75201

LANDRUM, J L  
ASSISTANT TREASURER  
(OFFICER)  
1700 PACIFIC AVENUE  
DALLAS, TEXAS 75201

HOGLUND, FORREST E  
(DIRECTOR)  
1700 PACIFIC AVENUE  
DALLAS, TEXAS 75201

Number: 00044111-06

## History:

Date	Transaction
-----	-----
10/26/1987	TERMINATION

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LEVEL 1 - 17 OF 28 DOCUMENTS

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INDIANA SECRETARY OF STATE, CORPORATE/LTD PARTNERSHIP RECORDS

NAME: TXO PRODUCTION CORP

TYPE: FOREIGN CORPORATION FOR-PROFIT

STATUS: MERGED OUT OF EXISTENCE AS OF 01/14/1991

STATUS-COMMENT: Merged corporate number: 198206-866

DATE OF INCORPORATION/QUALIFICATION: 11/18/1985

MAILING ADDRESS: 1700 PACIFIC AVE LB-10  
FIRST CITY CENTER  
DALLAS, TX 75201

STATE OF INCORPORATION: DELAWARE

REGISTERED AGENT: C T CORPORATION SYSTEM

REGISTERED OFFICE: 1 N CAPITOL AV  
INDIANAPOLIS, IN 46000

ANNUAL-REPORT: 1986, 1987, 1988, 1989

PRESIDENT: LELAND J. MCVAY  
1700 PACIFIC AVE LB-10  
DALLAS TX, TX

SECRETARY: MCNAMARA.MARTIN. B.  
1700 PACIFIC AVE LB-10  
DALLAS TX, TX

FEIN: 751710388

NUMBER: 198511-598

HISTORY: ANNUAL REPORT FOREIGN FOR-PROFIT  
FILED: 01/08/1990, EFFECTIVE: 01/08/1990

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LEVEL 1 - 18 OF 28 DOCUMENTS

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TEXAS SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Principal Place of Business: 1700 PACIFIC AVE.  
DALLAS, TEXAS 75201

Principal Office: 1700 PACIFIC AVE.  
DALLAS, TEXAS 75201

Tax Address: 1700 PACIFIC AVE LB10  
DALLAS, TEXAS 75201

Type of Corporation: FOREIGN PROFIT

Status: DEAD

Status Comment: TERMINATION (foreign corporation, type 6 and 7 only)

Status Date: 12/24/1990

Filing Date: 07/06/1981

Duration: PERPETUAL

State of Incorporation: DELAWARE

Registered Agent: CT CORPORATION SYSTEM

Registered Office: 350 N. ST. PAUL STREET  
DALLAS, TEXAS 75201

Parent Company: TEXAS OIL AND GAS CORP  
State: DELAWARE  
% Owned: 100

Tax Year: 1990

State Tax ID: 017517103887

Officers and Directors:  
LELAND, MCVAY J  
(DIRECTOR)  
3100 ST ALBANS CIRCLE  
COLLEYVILLE, TEXAS 76034

JOHN, HUPPLER D

## TEXAS SECRETARY OF STATE, CORPORATE RECORD

VICE PRESIDENT  
(OFFICER)  
1503 WOODLAND DR  
ATYLER, TEXAS 75701

MARTIN, MCNAMARA B  
(DIRECTOR)  
9307 GUERNSEY LANE  
DALLAS, TEXAS 75220

HAMILTON, SCHRAUFF P  
TREASURER  
(OFFICER)  
6849 MIDCREST  
DALLAS, TEXAS 75220

PHILIP, DAVENPORT A  
AC  
(OFFICER)  
5928 DUBLIN ST, K#2209  
DALLAS, TEXAS 75205

DONALD, STEVENSON J  
AC  
(OFFICER)  
3900 CROSS HILL COURT  
ARLINGTON, TEXAS 76015

TALBERT, MICHAEL J  
(DIRECTOR)  
17704 CEDAR CREEK CANYON DR  
DALLAS, TEXAS 75252

WARREN, THEODORE R  
EXECUTIVE VICE PRESIDENT  
(OFFICER)  
9527 ROCKY BRANCH  
DALLAS, TEXAS 75243

BRUNING, JAMES E  
SENIOR VICE PRESIDENT  
(OFFICER)  
1728 HUNTERS POINT ROAD  
FORT SMITH, ARKANSAS 72903

GRADICK, GROVER G  
SENIOR VICE PRESIDENT  
(OFFICER)  
510 WOODLAND HILLS DRIVE  
TYLER, TEXAS 75701

LITTLE, LOUIS E  
SENIOR VICE PRESIDENT  
(OFFICER)



## TEXAS SECRETARY OF STATE, CORPORATE RECORD

ROUTE 1 BOX 62-A  
TAFT, TEXAS 78390

TILLMAN, STEPHEN G  
SENIOR VICE PRESIDENT  
(OFFICER)  
2 SNOWY OWL LANE  
LITTLETON, COLORADO 80127

BECKER, RONALD G  
VICE PRESIDENT AND AC  
(OFFICER)  
330 N FLAMINGO AVENUE  
BETHANY, OKLAHOMA 73008

CHOISSER, DAVID J  
VICE PRESIDENT AND AC  
(OFFICER)  
10002 GLEN CANYON  
DALLAS, TEXAS 75243

CLIFFORD, P J  
VICE PRESIDENT  
(OFFICER)  
3402 SALISBURY  
MIDLAND, TEXAS 79707

GRESHAM, JAMES B  
VICE PRESIDENT  
(OFFICER)  
2402 AOK BANK  
KINGWOOD, TEXAS 77339

KNOWLES, TOMMIE L  
VICE PRESIDENT  
(OFFICER)  
320 OIL & GAS BUILDING  
WICHITA FALLS, TEXAS 76301

PEARCE, R M  
VICE PRESIDENT  
(OFFICER)  
10010 WILLOWICK CT  
SHREVEPORT, LOUISIANA 71118

SCHWEERS, R G  
VICE PRESIDENT  
(OFFICER)  
4107 MANORVIEW LANE  
MESQUITE, TEXAS 75150

WILEY, JOE M  
ASSISTANT VICE PRESIDENT  
(OFFICER)



## TEXAS SECRETARY OF STATE, CORPORATE RECORD

2602 SAINT ANDREWS  
ENNIS, TEXAS 75119

JOSEPH, BINFORD R  
ACP  
(OFFICER)  
943 LEATRICE  
DALLAS, TEXAS 75208

VARELA, RICHARD A  
VICE PRESIDENT  
(OFFICER)  
4804 OAKWOOD CT  
MIDLAND, TEXAS 79707

CLEMTS, R L.  
VICE PRESIDENT  
(OFFICER)  
205 DORAL  
PORTLAND, TEXAS 78374

PERKINS, DAVID T  
VICE PRESIDENT  
(OFFICER)  
12500 ROBERTS ROAD  
EDMOND, OKLAHOMA

73013  
(OFFICER)

GONSALVES, R G  
VICE PRESIDENT  
(OFFICER)  
5109 APPLE VALLEY DRIVE  
COLLEYVILLE, TEXAS 76034

EVANS, CHARLES R.  
VICE PRESIDENT  
(OFFICER)  
4121 HAMPSHSIRE  
PLANO, TEXAS 75093

GANGLUFF, KEVIN E.  
VICE PRESIDENT  
(OFFICER)  
161 FALLRIVER DRIVE  
FOLSOM, CALIFORNIA 95630

STEVENSON, DONALD J  
ASSISTANT SECRETARY  
(OFFICER)  
3900 CROSS HILL COURT  
ARLINGTON, TEXAS 76016

## TEXAS SECRETARY OF STATE, CORPORATE RECORD

ALVIS, JOEL B  
ASSISTANT TREASURER  
(OFFICER)  
3410 HEATHER HILL DRIVE  
GARLAND, TEXAS 75042

Number: 00051533-06

## History:

Date	Transaction
-----	-----
07/13/1990	CHANGE OF REGISTERED AGENT
12/24/1990	TERMINATION

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## LEVEL 1 - 19 OF 28 DOCUMENTS

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## ILLINOIS SECRETARY OF STATE, CORPORATE RECORD

NAME: TXO PRODUCTION CORP.

TYPE: FOREIGN CORPORATION

STATUS: WITHDRAWN AS OF: 04/03/90

DURATION: PERPETUAL

ANNIVERSARY MONTH: DECEMBER

DATE OF INCORPORATION/QUALIFICATION: 12/02/1982

STATE OF INCORPORATION: DELAWARE

REGISTERED AGENT: CT CORPORATION SYSTEM

REGISTERED OFFICE: 208 SOUTH LASALLE STREET  
CHICAGO, ILL 60604-1135  
COOK COUNTY

ANNUAL-REPORT:	PREVIOUS TAX YEAR 1988	CURRENT TAX YEAR 1989
	-----	-----
DATE ANNUAL REPORT FORM MAILED TO CORPORATION:	10/15/1988	10/13/1989
DUE DATE OF ANNUAL REPORT:	12/01/1988	12/01/1989
DATE ANNUAL REPORT FILED:	12/08/1988	12/06/1989
DATE FRANCHISE TAX PAID:	12/08/1988	12/06/1989
TAX FACTOR:	1.000000	1.000000
TAX AMOUNT PAID:	\$ 25.00	\$ 25.00
ANNUAL REPORT CAPITAL:	\$ 0.00	\$ 0.00
ILLINOIS CAPITAL:	\$ 0.00	\$ 0.00

PRESIDENT: LELAND J MCVAY  
1700 PACIFIC AVE LB-10 DALLAS TX 75201-4696

SECRETARY: WITHDRAWN  
04 03 90

HISTORY: REGULATED BY ILLINOIS COMMERCE COMMISSION: NO

FEIN: 751710388

CORPORATION NUMBER: 52918081

CURRENT CAPITAL AND STOCK INFORMATION:



## ILLINOIS SECRETARY OF STATE, CORPORATE RECORD

ILLINOIS CAPITAL (FOREIGN ONLY): \$ 1,000

LAST CHANGE IN CAPITAL: 12/02/1982

TAX CAPITAL: \$ 1,000

TOTAL CAPITAL: \$ 1,000

STOCK CLASS	AUTHORIZED SHARES	SHARES ISSUED	PAR VALUE	VOTING RIGHTS
PAR	1,000	0	0	UNKNOWN

\* Note -- Stock information provided by Illinois is incomplete.

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LEVEL 1 - 20 OF 28 DOCUMENTS

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KENTUCKY SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Mailing Address: 1700 PACIFIC AVE LB 10  
DALLAS, TX 75201

Type: CORPORATION (PROFIT)

Status: INACTIVE

Filing Date: 10/25/1985

State of Incorporation: DELAWARE

Registered Agent: KY. SECRETARY OF STATE

Registered Office: 1700 PACIFIC AVE LB 10  
DALLAS, TX 75201

Additional Information: BUSINESS STANDING: GOOD

Number: 207577

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LEVEL 1 - 21 OF 28 DOCUMENTS

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VIRGINIA SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Business Address: 1700 PACIFIC AVE LB-10;FIRST CITY CENTER  
DALLAS, TX 75201

Type: CORPORATION

Status: WITHDRAWN

Status Date: 5/24/1990

Filing Date: 10/30/1985

Duration: PERPETUAL

State of Incorporation: DELAWARE

Registered Agent: EDWARD R. PARKER

Registered Office: 5511 STAPLES MILL ROAD  
RICHMOND, VA 23228

Agent Status: ACTIVE

Additional Information: INDUSTRY: GENERAL

Number: F049408

Stock:

Type of Stock: COMMON  
Authorized Quantity: 1000  
Convert Common Stock: NO

Officers/Directors/Partners/Members:

ALVIS, JOEL B  
ASSISTANT TREASURER

BECKER, RONALD G  
VICE PRESIDENT

BINFORD, JOSEPH R  
ASSISTANT SECRETARY

BRUNING, JAMES E  
SENIOR VICE PRESIDENT



VIRGINIA SECRETARY OF STATE, CORPORATE RECORD

CHOISSER, J DAVID  
VICE PRESIDENT

CLEMENTS, R L  
VICE PRESIDENT

CLIFFORD, P J  
VICE PRESIDENT

DAVENPORT, PHILIP A  
ASSISTANT SECRETARY

EVANS, CHARLES R  
VICE PRESIDENT

GANGLUFF, KEVIN E  
VICE PRESIDENT

GONSALVES, R G  
VICE PRESIDENT

GRADICK, GROVER G  
SENIOR VICE PRESIDENT

GRESHAM, JAMES B  
VICE PRESIDENT

HUPPLER, JOHN D  
SENIOR VICE PRESIDENT

KNOWLES, TOMMY L  
VICE PRESIDENT

LITTLE, LOUIS E  
SENIOR VICE PRESIDENT

MCNAMARA, MARTIN B  
SECRETARY

MCVAY, LELAND J  
PRESIDENT

PEARCE, R M  
VICE PRESIDENT

PERKINS, DAVID T  
VICE PRESIDENT

SCHRAUFF, HAMILTON P  
TREASURER

SCHWEERS, R G  
VICE PRESIDENT

VIRGINIA SECRETARY OF STATE, CORPORATE RECORD

STEVENSON, DONALD J  
ASSISTANT SECRETARY

TILLMAN, STEPHEN G  
SENIOR VICE PRESIDENT

VARELA, RICHARD A  
VICE PRESIDENT

WARREN, THEODORE R  
VICE PRESIDENT

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LEVEL 1 - 22 OF 28 DOCUMENTS

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KENTUCKY SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Mailing Address: 1700 PACIFIC AVE LB 10  
DALLAS, TX 75201

Type: CORPORATION (PROFIT)

Status: INACTIVE

Filing Date: 10/25/1985

State of Incorporation: DELAWARE

Registered Agent: KY. SECRETARY OF STATE

Registered Office: 1700 PACIFIC AVE LB 10  
DALLAS, TX 75201

Additional Information: BUSINESS STANDING: GOOD

Number: 207577

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## LEVEL 1 - 23 OF 28 DOCUMENTS

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OBTAINED THROUGH THE OFFICE OF THE LOUISIANA SECRETARY OF STATE \*\*\*

## LOUISIANA SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Mailing Address: 1700 PACIFIC AVE. LB-10  
DALLAS, TX 75201

Type: CORPORATION (PROFIT)

Status: MERGED INTO ANOTHER ENTITY

Status Date: 1/16/1991

Filing Date: 7/13/1981

State of Incorporation: DELAWARE

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 601 POYDRAS STREET  
NEW ORLEANS, LA 70130

Additional Information: ENTITY IS NOT IN GOOD STANDING

Number: 33506340F

## Officers/Directors/Partners/Members:

JAMES E. BRUNING  
VICE PRESIDENT  
1700 PACIFIC AVE., LB-10  
DALLAS, TX 75201

LELAND J. MCVAY  
PRESIDENT  
1700 PACIFIC AVE., LB-10  
DALLAS, TX 75201

THEODORE R. WARREN  
EXECUTIVE VICE PRESIDENT  
1700 PACIFIC AVE., LB-10  
DALLAS, TX 75201

## History:

DATE	TYPE	COMMENT
1/16/1991	MISCELLANEOUS	MERGER; FOR ADD'L DETAILS, SEE AMENDMENT ID 34373133

## LOUISIANA SECRETARY OF STATE, CORPORATE RECORD

4/30/1990	MISCELLANEOUS	89 ANNUAL REPORT FILED
5/16/1989	MISCELLANEOUS	88 ANNUAL REPORT FILED
5/17/1988	MISCELLANEOUS	87 ANNUAL REPORT FILED
5/4/1987	MISCELLANEOUS	86 ANNUAL REPORT FILED
		STATEMENT OF CHANGE OR CHANGE
		PRINCIPAL BUSINESS OFFICE FOR
		NON-LOUISIANA CORPORATION AND
4/1/1986	MISCELLANEOUS	PARTNERSHIP
		STATEMENT OF CHANGE OR CHANGE
		PRINCIPAL BUSINESS OFFICE FOR
		NON-LOUISIANA CORPORATION AND
2/22/1985	MISCELLANEOUS	PARTNERSHIP

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## LEVEL 1 - 24 OF 28 DOCUMENTS

\*\*\* THIS DATA IS INFORMATIONAL, AND ANY CERTIFIED COPIES MUST BE OBTAINED FROM THE PENNSYLVANIA DEPARTMENT OF STATE. \*\*\*

## PENNSYLVANIA DEPARTMENT OF STATE, CORPORATE/LTD PARTNERSHIP RECORD

NAME: TXO PRODUCTION CORP.

TYPE: FOREIGN BUSINESS

STATUS: NOT IN GOOD STANDING (WITHDRAWN)

DATE OF INCORPORATION/QUALIFICATION: 11/04/1983

MAILING ADDRESS: 1700 PACIFIC AVE LB10  
FIRST CITY CTR  
DALLAS, TX 75201-0000

STATE: DELAWARE

REGISTERED OFFICE: 123 SOUTH BROAD STREET, C/O C T CORPORAT  
ION SYSTEM  
PHILADELPHIA, PA 19109-0000  
PHILADELPHIA COUNTY

## OFFICERS:

Name	Title
A D CARTER JR	CEO
STEPHEN L ANDRE	SECRETARY
HAMILTON P SCHRAUFF	TREASURER
CHARLES L CANFIELD	VICE PRESIDENT

Effective 12/31/1989

NUMBER: 0788126

## HISTORY:

DATE	TRANSACTION	MICROFILM ROLL START/END
01/14/1991	ARTICLES MERGER/CONSOLIDATION	09103 1091/1091
COMMENTS: 759734 MARATHON OIL COMPANY		
11/04/1983	CERTIFICATE OF AUTHORITY - BUSINESS	08365 1368/0000
COMMENTS: ENDING PG 1370		

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LEVEL 1 - 25 OF 28 DOCUMENTS

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OREGON SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Business Address: 1700 PACIFIC AVE  
DALLAS, TX 75201

Type: CORPORATION (PROFIT)

Status: INACTIVE

Filing Date: 12/22/1986

Duration: PERPETUAL

State of Incorporation: DELAWARE

Registered Agent: C T CORPORATION SYSTEM

Registered Office: 800 PACIFIC BLDG  
PORTLAND, OR 97204

Agent Status: ACTIVE

FEIN: 751710388

Number: 5761887

Officers/Directors/Partners/Members:

LELAND J MCVAY  
PRESIDENT  
1700 PACIFIC  
DALLAS, TX 75201

MARTIN B MCNAMARA  
SECRETARY  
1700 PACIFIC  
DALLAS, TX 75201

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## LEVEL 1 - 26 OF 28 DOCUMENTS

\*\*\* THIS DATA IS FOR INFORMATION PURPOSES ONLY. CERTIFICATION CAN ONLY BE OBTAINED THROUGH THE OFFICE OF THE OHIO SECRETARY OF STATE. \*\*\*

## OHIO SECRETARY OF STATE, CORPORATE RECORD

NAME: TXO PRODUCTION CORP.

TYPE: FOREIGN CORPORATION

STATUS: NOT IN GOOD STANDING

DATE OF INCORPORATION/QUALIFICATION: 11/2/1983

MAILING ADDRESS: 1700 PACIFIC AVE.  
DALLAS, TX 75201

ADDRESS TYPE: PRINCIPAL ADDRESS

STATE OF INCORPORATION: DELAWARE

REGISTERED AGENT: C T CORPORATION SYSTEM STATUS: INACTIVE

REGISTERED OFFICE: 815 SUPERIOR AVE ,NE  
CLEVELAND, OH 44114

TRANSACTION TYPE: FOREIGN LICENSE/FOR-PROFIT

CHARTER NUMBER: 623328

## HISTORY:

DATE	TRANSACTION	ROLL	FRAME
----	-----	----	-----
12/24/1990	MERGED OUT OF EXISTENCE	H027	1805
12/24/1990	MERGER/DOMESTIC	H027	1796
12/31/1989	FORM 7 NO FEE ASSESSED	F925	2038
12/31/1988	FORM 7 NO FEE ASSESSED	F920	1910
12/31/1987	FORM 7 NO FEE ASSESSED	F916	0764
12/31/1986	FORM 7 NO FEE ASSESSED	F911	0032
8/31/1985	FORM 7 NO FEE ASSESSED	F905	1084
5/15/1985	FORM 7 NO FEE ASSESSED	F743	1909
11/13/1984	FORM 7 NO FEE ASSESSED	F565	2158
10/1/1984	FOREIGN/AGENT CHANGE OF ADDRESS	F585	1799
11/2/1983	FOREIGN LICENSE/FOR-PROFIT	F353	0960

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CALIFORNIA SECRETARY OF STATE, CORPORATE RECORD.

NAME: TXO PRODUCTION CORP.

TYPE OF CORPORATION: STATEMENT AND DESIGNATION BY FOREIGN CORPORATION

CORPORATE STATUS: SURRENDERED

DATE OF INCORPORATION/QUALIFICATION: 07/07/1981

MAILING ADDRESS: 1700 PACIFIC AVE  
NO LB-10  
DALLAS, TX 75201

STATE OF INCORPORATION: DELAWARE

REGISTERED AGENT: C T CORPORATION SYSTEM

REGISTERED OFFICE: 818 WEST SEVENTH STREET  
LOS ANGELES, CA 90017

PRESIDENT: LELAND J MCVAY  
1700 PACIFIC AVE  
NO LB-10  
DALLAS, TX 75201

STATEMENT OF OFFICERS FILE NUMBER: 285678

STATEMENT OF OFFICERS FILE DATE: 07/03/89

TAX-BASIS: STOCK

CORPORATE NUMBER: 1083212

HISTORY:

DATE: 05/16/1991  
TRANSACTION: CERTIFICATE OF SURRENDER BY FOREIGN CORPORATION  
AMENDMENT NO: D0382088

DATE: 03/29/1991  
TRANSACTION: FRANCHISE TAX BOARD RESTORATION

DATE: 12/03/1990  
TRANSACTION: FRANCHISE TAX BOARD FORFEITURE

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ONLY BE  
OBTAINED THROUGH THE OFFICE OF THE FLORIDA SECRETARY OF STATE \*\*\*

FLORIDA SECRETARY OF STATE, CORPORATE RECORD

Name: TXO PRODUCTION CORP.

Mailing Address: 539 SOUTH MAIN STREET  
FINDLAY, OH 45840

Type: FOREIGN FOR PROFIT

Status: INACTIVE

Filing Date: 12/7/1982

State of Incorporation: DELAWARE

FEIN: 751710388

Number: 854874

Annual Report:

Last Report Date: 6/13/1990  
Previous Year Report Date: 6/19/1989  
Two Year Previous Report Date: 7/6/1988

Officers/Directors/Partners/Members:

MCNAMARA, MARTIN B  
1700 PACIFIC AVE  
DALLAS TX  
SECRETARY/DIRECTOR

MCVAY, LELAND J.  
1700 PACIFIC AVE  
DALLAS TX  
PRESIDENT/DIRECTOR

SCHRAUFF, HAMILTON P  
1700 PACIFIC AVE  
DALLAS TX  
VICE PRESIDENT/TREASURER

SCHWEERS, R G  
1700 PACIFIC AVE  
DALLAS TX  
VICE PRESIDENT

TALBERT, J. MICHAEL  
1700 PACIFIC AVE

## FLORIDA SECRETARY OF STATE, CORPORATE RECORD

DALLAS TX  
CEO/DIRECTOR

WARREN, THEODORE R.  
1700 PACIFIC AVE  
DALLAS TX  
VICE PRESIDENT

## History:

DATE	TYPE	COMMENT
01/07/1991	WITHDRAWAL	

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COMPANY: W R GRACE & CO

CROSS-REFERENCE: FRESenius NATIONAL MEDICAL CARE HLDG INC  
EXCHANGE: OTH

FORM-TYPE: ARS

DOCUMENT-DATE: December 31, 1992  
FILING-DATE: April 1, 1993

<=1> Full text <=2> Company info <=3> Contents <=4> Other <=5> Return

\*\*\*\*\* TEXT OF FILING \*\*\*\*\*

1

#### W.R. GRACE & CO. 1992 ANNUAL REPORT

Grace's mission is to maximize long-term value to shareholders while balancing value to the other shareholders - our employees, customers, suppliers and communities.

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#### FINANCIAL SUMMARY

Dollars in millions,

except per share amounts

1992 1991 1990

#### Operating results

Sales and Revenues	5,518.2	5,569.9	5,504.6
Income from Continuing Operations	79.4	249.9	220.0
Cumulative Effect of Accounting Changes	(190.0)	-	-
Net (Loss)/Income	(294.5)	218.6	202.8
Capital Expenditures	398.4	447.0	513.7
Depreciation and Amortization	272.2	275.9	265.6
Research and Development Expenses	150.6	149.8	146.5

#### Financial Position

Total Assets	5,598.6	6,007.1	6,226.5
Total Debt	1,819.2	2,259.4	2,285.9
Common Shareholders' Equity	1,537.5	2,017.7	1,905.0

#### Data Per Common Share

*See Page 39*

*67 pages*



Earnings from Continuing Operations	.88	2.78	2.56
Cumulative Effect of Accounting Changes	(2.12)	-	-
(Loss)/Earnings	(3.29)	2.50	2.36
Dividends	1.40	1.40	1.40
Book Value	17.10	22.77	22.14

## Other Information

Common Shares Outstanding-End of Year (thousands)	89,892	88,603	86,052
Average Common Shares Outstanding (thousands)	89,543	87,236	85,879
Dividends Paid on Common Stock	125.4	122.0	120.2
Number of Employees (thousands)	44.1	49.3	52.2

- (1) Certain amounts have been related to reflect the classification of Grace Energy as a discontinued operation.
- (2) Certain amounts have been restated to reflect the classification of Grace's book, video and software distribution businesses as a discontinued operation.
- (3) Includes a provision of 140.0 covering a fumed silica plant in Belgium.

(\*) Note: The following index is part of the original document. Page numbers have been kept for your convenience in locating data referred to within the text and are identified as Source Page # in the upper left-hand corner of each page. To access these pages, refer to SEC ONLINE'S Table of Contents

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## 3

PHOTO OMITTED: "Passing the Baton: J. Peter Grace"

With the New Year of 1993 came the end of an era in the long and storied history of W.R. Grace & Co. J. Peter Grace, who had led the Company for 47 years, passed the baton of Chief Executive Officer to J.P. Bolduc. For the first time in the Company's 139-year history, there would not be a "Grace" at the helm.

When Peter Grace inherited the mantle of leadership from his father in September of 1945, World War II had just ended. Harry Truman was in the White House, and it would be a year before the birth of President Bill Clinton. The Company's earnings at the time were derived entirely from the West Coast of South America, and the market value of W.R. Grace and Co. was approximately 60 million.

The ensuing 47 years saw one of the greatest transformations in corporate history. With an entrepreneurial flair that became his trademark, Peter Grace moved the Company away from its dependence on Latin America and into the more stable economies of Europe and the United States, building a solid foundation in specialty chemicals.

Today, Grace is the world's largest specialty chemicals company and holds a leadership position in specialized health care, and not a single business remains of those Peter Grace inherited from his father back in 1945. The Company is active in 48 states and 50 countries. Its annual sales are well over 5 billion, and its market value is in excess of 3.5 billion.

But the legacy of Peter Grace goes beyond the confines of the Company that bears his name. Over the course of more than a half century, he built a record of civic and charitable achievement that is unmatched among today's business leaders. Hailed as the "the Michelangelo of fundraising" by The Wall Street Journal, his generosity to causes large and small, well-known and little-known, is legendary and stands as a shining example of the Gospel admonition, "Whatever you do for the least of my brethren, you do for Me."

These team of service runs throughout Peter Grace's life and led to perhaps his greatest achievement- the Grace Commission Report and its



prescription for bringing runaway federal spending under control. Officially designated "The President's Private Sector Survey on Cost Control in the Federal Government," President Reagan to search out waste, fraud and abuse in the government operations "like a hungry bloodhound." The Survey's findings - and its dire prediction for America's future if deficit spending were not curtailed - typified Mr. Grace's concern for the American taxpayer and his willingness to tackle the most difficult public policy issues of his time.

While no longer CEO, Mr. Grace remains Chairman and a Director of the Company. As we mark the end of one era and the beginning of another, we salute his extraordinary achievement and offer a heartfelt "well done."

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TO OUR SHAREHOLDERS:

The past two years represent one of the most significant periods of constructive change in the history of your Company. As we have continuously communicated to you since late 1990, Grace is devoting enormous energies to implementing a strategic plan designed to accomplish one primary mission: creating maximum long-term value for our shareholders.

Our result to date are striking. They are consistent with our plan. Your management's enthusiasm for achieving our strategic mission is stronger than ever. And that enthusiasm is spreading throughout the enterprise as the plan turns into reality. Let's look briefly at our progress since we reported to you a year ago.

Our core businesses were reorganized globally to establish worldwide responsibility under strong, experienced, international leadership. The six strategic businesses that form the core are:

Packaging  
Catalysts and Other Silica-Based Products  
Water Treatment  
Health Care  
Construction Products  
Container Products

Each has developed, and is aggressively implementing, coordinated worldwide business plans to increase their value. Collectively, their operating earnings improved 6% in 1992 despite some tough market conditions - especially in Europe. We established or expanded regional headquarters from Southeast Asia and Latin America and opened offices in four Eastern European countries and four Asian countries, plus Spain and Turkey. During 1992 and in early 1993, we completed strategic acquisitions that meet or exceed our investment criteria in health care, water treatment and packaging, thus expanding global product offerings and opening significant markets in Europe and Latin America.

Our divestiture program is on track. More than 700 million of additional businesses were sold or monetized - bringing the two-year



total to over 1.2 billion. In the past 12 months, we sold our organic chemical business and most of our oil and gas businesses, and we monetized our investment in Grace Cocoa in a creative financing. In early 1991, we said we would sell 1.5 billion of noncore businesses before December 31, 1993, and we are on target to exceed this goal.

Overhead costs are coming down. We are achieving more than 50 million in cost reductions through

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TO OUR SHAREHOLDERS:  
(continued)

reduced health care, administrative and financial costs as well as savings in logistics. Other significant areas of savings are being targeted as we comprehensive reviews of seven major functional areas of staff support in your Company.

Our financial condition is steadily improving. Cash flow has improved through more disciplined asset management. Debt level have dropped 20%, and the capital markets are viewing the Company more favorably as we better structure our remaining debt.

On the other hand, our overall operating earnings for 1992 were a disappointment. Despite the inherent growth characteristics of our core businesses and the decline in interest expense, these factors were not sufficient to overcome a larger than anticipated decline in results from our noncore businesses as well as from several key market in Europe.

How do all of these restructuring activities position Grace for the future? We've never felt better or more confident about our prospects for creating value - not only for shareholders, but for all of our stakeholders: employees, customers, suppliers and the communities worldwide where we operate.

Growth prospects in our core businesses are excellent. Expanded business development activities through the newly opened international offices in Asia and Eastern Europe are already leading to market penetration and setting the stage for significant future business. Recently completed strategic acquisitions are nondilution in structure and should strengthen our leading market positions. Strong additional candidates for nondilution acquisitions among our core businesses are under continuing review. New products and applications are in the development pipeline to enhance our technological leadership. Capital expenditures and research development resources are focused on our core businesses. Divestment of noncore businesses continues, with proceeds initially applied to reducing debt and, subsequently, to effectuating strategic and nondilution acquisitions.

As the U.S. public and private sectors focus on the issue of health care, they will find the quality and cost-effectiveness of Grace's specialized health care operations to be models for the industry. Those quality and cost characteristics are also attractive in developing nations, where levels of kidney dialysis services and related

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products lag behind more advanced economies. We look for near-term expansion in a number of this new markets.

Further global integrations of operations and functions, as well as additional cost reductions, are now a way of life throughout your Company. In Europe, for example, our container operations are consolidating seven plants into two. Consolidation of research and development and other staff support services will lead to upgrading essential activities and eliminating activities unnecessary expense. Total quality management is being extended from top to bottom.

Our three-year, 1.5 billion divestiture program goal will be exceeded as we complete the sale of businesses initially identified for divestment and then identify other units in the Company whose prospects do not qualify them as core. Proceeds from these divestments will continue to be used to support activities in the core sectors and to strengthen your Company's financial condition.

And what about our employees, who are a critical element to our long-term success? As the result of divestitures, cost of reductions and consolidations, we are a trimmer and stronger organization today than when we started our restructuring program in early 1991 - by some 26%. To achieve our mission, we must continue to develop a commonality of purpose throughout Grace. This means eliminating organizational barriers and communicating more frequently, openly and candidly. I'm expressed with our employees' commitment to, and involvement with, the process of change, through the volume and quality of their ideas door continuously improving your Company's performance.

We are implementing a bold and innovative incentive program throughout the Company in an effort to motivate all employees - from the mailroom to the boardroom - and to further align the interests of our internal stakeholders with yours as we go about upgrading our values, culture and vision.

In a tougher and more complex worldwide marketplace, I am confident that the quality of our core products, technologies and people will drive us toward the significant creation of value for you - our shareholders.

J.P. Bolduc  
President and  
Chief Executive Officer

March 12, 1993

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#### GRACE AT A GLANCE

Founded nearly 140 years ago, Grace today is the world's largest



specialty chemicals company and holds a leadership position in specialized health care.

#### SPECIALTY CHEMICALS

Grace's core specialty chemicals product lines - packaging, catalysts and silica products, construction products, water treatment and process chemicals and container products - are the primary contributors to Grace's position as the world's leading source for high-technology, value-added specialty chemicals.

#### PACKAGING

Grace is the leading innovator in flexible packaging technology. Its Cryovac packaging systems have revolutionized the marketing and merchandising of foods and other products worldwide.

#### CATALYSTS & SILICA PRODUCTS

Grace Davison fluid cracking catalysts "crack" crude oil into fuel and other petroleum products. Its polyolefin catalysts are critical to the production of polyethylene, and its silica and zeolite adsorbents are value-added components for use in a wide range of industrial and consumer applications.

#### CONSTRUCTION PRODUCTS

Grace concrete admixtures, cement processing and fireproofing and waterproofing materials perform the most vital construction jobs - creating stronger concrete, fighting corrosion, stopping water damage and protecting structural steel against collapse due to fire.

#### WATER TREATMENT & PROCESS CHEMICALS

Grace Dearborn water treatment and process chemicals inhibit scale, corrosion and fouling in water systems, treat wastewater and enhance operating efficiency and environmental performance.

#### CONTAINER PRODUCTS

Grace container sealants keep foods and beverages safe from bacteria and other contaminants, extend shelf life and preserve flavor in four hundred billion cans and bottles annually.

#### HEALTH CARE

With an uncompromising commitment to quality and cost-effective management, Grace - through its National Medical Care unit - maintains leading positions in the specialized health care markets of dialysis services, medical products and home health care.

#### OTHER BUSINESSES

In addition to its core product lines, Grace operates several specialized businesses that contribute to its success. Among these, Grace Cocoa Associates, L.P. is the global leader in the production of



high-quality cocoa and chocolate products for food manufacturers.

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GRAPH OMITTED: "Total Grace Geographic Sales"

GRAPH OMITTED: "Specialty Chemicals"

GRAPH OMITTED: "Health Care"

GRAPH OMITTED: "Other Businesses"

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"Through our products, technology and service, we are creating greater value for our customers around the world."

Donald H. Kohnken, Executive Vice President  
Joined Grace in 1967 as Davison adsorbents project manager

"For our customers and their customers, Cryovac is passionately committed to anticipating needs and delivering technologically innovative packaging solutions."

Jean-Louis Greze, President, Grace Packaging  
Joined Grace in 1960 as Cryovac packaging film salesman in France

PHOTO OMITTED: "Cryovac food packaging is purpose-developed to meet customers' specific performance and marketing requirements."

#### SPECIALTY CHEMICALS

Grace's specialty chemicals product lines shares exciting technical competencies, a dedication to total quality and customer service, high growth potential and strong management on a global product line basis. In 1992 they generated total sales and revenues of 3.5 billion and operating income after taxes of 278 million. Grace's global focus is promoting more efficient utilization of resources and accelerating dissemination of core technologies, products and services to benefit from emerging market opportunities, particularly in Latin America, the Pacific Rim and Eastern Europe.

#### GRACE PACKAGING

Grace is the world's leading innovator in flexible packaging systems. Through its global Cryovac product line, it has revolutionized marketing and distribution techniques for the food industry and other markets.

Using sophisticated multilayer coextrusion technology, Cryovac has developed high-performance plastic materials that preserve flavor and aroma and enhance the shelf life and appearance of packaged foods and other products. Cryovac's environmentally sensitive packaging materials offer strength, protection from moisture and oxygen and other application-specific properties.

Cryovac's success is founded on its ability to provide innovative packaging solutions to satisfy the marketing requirements of its customers, as well as the needs of the ultimate customer. It does this by integrating an in-depth knowledge of the marketplace with expertise in the packaging sciences and a dedication to a total quality. Cryovac packaging systems address the specific requirements of each market segment they serve. These include multilayer shrinkable bags used by industrial food producers to protect fresh red meats,

PHOTO OMITTED: "Cryovac pioneered the Darfesh vacuum-skin packaging concept for a wide variety of consumer foods."

Photo opposite: While Cryovac packaging systems provide a natural showcase for every shape and variety of cheese, these high-performance materials also offer hidden value, preserving flavor and aroma while extending shelf life.

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GRAPH OMITTED: "Specialty Chemicals 1992/1991 Sales by Industry"

PHOTO OMITTED: "In the medical field, Cryovac packaging systems are providing technical solutions to human problems"

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PHOTO OMITTED: "Grace Serviced bridge deck waterproofing materials protect the Queen Elizabeth II Bridge, the largest cable stay bridge in Europe"

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"We deliver value through customer service and effectively product development and innovation, superior managing costs in a cyclical markets."

Robert J. Bettacchi, President, Grace Construction Products  
Joined Grace in 1968 as commercial development analyst

#### SPECIALTY CHEMICALS (Continued)

poultry, cheeses and processed meats; multilayer shrink films for retail consumer units such as pizza, poultry, produce and bakery items, and display or tamper-evident packages; and laminates for bulk food service portions or consumer-size packaging. This technology is being extended into highly demanding markets such as food service, medical and electronics packaging.

To complement its innovative technology, Cryovac takes a "total systems approach" in creating comprehensive packaging solutions for customers around the world, involving a broad range of scientific skills,



materials, equipment and technical support. This philosophy for customer service is Grace's guiding principal as it grows its businesses on a global basis.

PHOTO OMITTED: "Grace concrete admixtures are recognized worldwide for the strength and durability they provide."

#### GRACE CONSTRUCTION PRODUCTS

Grace Construction Products is a leading worldwide supplier of concrete admixtures, cement processing additives and fireproofing and structural waterproofing materials. It combines high-quality, high value-added proprietary products and systems with a strong specification selling effort in the architectural and engineering markets and a high level of customer service. Grace construction products provide long-term structural integrity-creating stronger concrete, fighting corrosion, stopping water damage and protecting structural steel against collapse due to fire. They also offer value to specialty contractors through savings in labor, materials and energy. Although faced with a significant downturn in the construction economy in North America and Europe, Grace Construction Products continued to profit in 1992 by reengineering its operations to a lower cost structure. In addition to the growth potential in Southeast Asia, Grace Construction Products is targeting sales increases based on the development of new specialty products and geographic expansion of product lines, particularly fireproofing in Europe and Japan and structural waterproofing and cement and concrete products in Europe.

PHOTO OMITTED: "Monokote fireproofing helped save the First Interstate Bank building from collapse in the largest high-rise fire in Los Angeles history."

Photo opposite: Monokote fireproofing, Bituthene waterproofing and Grace concrete admixtures were specified for use in the new 53-square mile Denver International Airport, Grace's largest construction project in 1992.

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"As a partner with industry, we help minimize pollution. Grace Dearborn helps customers manage and maximize return on investment."

Ian Priestnell, President, Grace Dearborn  
Joined Grace in 1969 as Dearborn U.K. project manager

"I am immensely proud of the people in Davison with unparalleled service who provide our customers all over the world."

James R. Hyde, President, Grace Davison  
Joined Grace in 1962 as quality control supervisor at Davison's Cincinnati plant

SPECIALTY CHEMICALS  
(Continued)



#### GRACE DEARBORN WATER TREATMENT & PROCESS CHEMICALS

Grace Dearborn helps customers manage water use to meet environmental and process improvement goals. It treats water to prevent the scale, corrosion and fouling that result in reduced operating efficiency and increase energy use. Grace Dearborn process chemicals improve operating efficiency in paper mills, enhance paper quality and maximize environmental performance. Grace Dearborn also treats wastewater to optimize reuse or remove pollutants prior to discharge. Grace Dearborn monitoring systems not only signal a problem and automatically correct it, but measure and evaluate trends in system efficiency to identify and address potential problems. Upgrading its ability to satisfy global demand for advanced water treatment technology, Grace Dearborn completed a 1.7 million expansion of its Antwerp, Belgium research facility in 1992 and, in February of this year, Grace acquired South America's largest water treatment business from Aquatec Quimica S.A. in Brazil.

#### GRACE DAVISON CATALYSTS & SILICA PRODUCTS

Grace Davison fluid cracking catalysts, polyolefin and other industrial catalysts and silica and zeolite adsorbents share a focus on customer service that results in products that are custom-formulated to demanding specifications.

Although oil is a commodity, oil refining is a highly specialized discipline. Expert at matching catalysts to crude oil to produce specific and products, Grace Davison technical service engineers work alongside refinery engineers around the world to select optimum catalysts for local operations. Leading-edge technology, high-efficiency production and hands-on customer service combine to make Grace Davison the world leader in petroleum

PHOTO OMITTED: "Grace Davison catalysts help refiners upgrade low-value, heavy oil into valuable transportation fuels such as gasoline."

Photo opposite: Grace Dearborn process control systems monitor, manage and adjust water treatment processes to provide unparalleled levels of control, increased profitability and measurable return on investment for customers.

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PHOTO OMITTED: "TriSyl Silica Refining enhances the purity and quality of edible oils, improves process control and reduces operating costs."

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"By maintaining our number technology, we look one position in quality service and for continued global growth."

Charles H. Ehlers, President, Grace Container Products Joined Grace in 1954 as Dewey and Almy sales engineer

## SPECIALTY CHEMICALS

(Continued)

fluid cracking catalysts. Grace Davison is introducing new catalysts like the RFG Series for reformulated gasoline; Orion and Residcat for heavy metals tolerance and high coke selectivity, and FCC additives to reduce emissions.

Grace Davison high -performance polyolefin catalysts and catalyst supports are employed in manufacturing nearly half of the world's catalytically produced polyethylene resins.

Silica gel has remarkable versatility that allows it to enhance customers' products and processes in many industries. Davison Syloid silicas are used extensively in coatings to produce semigloss finishes, in plastics to improve handling, in toothpastes as thickeners and cleaners and in foods to carry flavors and prevent caking. An exciting new growth opportunity, TriSyl Silica is used globally in the purification of edible oils. Whether in vegetable, soybean, sunflower or canola oil, TriSyl Silica Refining is setting new global quality standards with an unsurpassed ability to remove contaminants and enhance flavor and stability in edible oil products.

PHOTO OMITTED: "Grace sealants are small but critical components that keep canned foods and beverages safe from bacteria and other contamination."

## GRACE CONTAINER PRODUCTS

Grace is the world's leading supplier of can sealing compounds. Focusing on complete systems and service, Grace supports customers with a range of water-and solvent-based sealant and compound application equipment, closure compounds, can coatings and can forming lubricants. Grace container sealants keep foods and beverages safe from bacteria and other contaminants, extend shelf life and preserve flavor. New products, such as Daraclean metalworking fluids, offer an environmentally benign substitute for chlorofluorocarbon cleaners. PVC-free Daraform coating systems for crowns and aluminum closures are being introduced on a global basis. Consolidating and upgrading facilities worldwide to improve product quality and manufacturing efficiency, Grace is completing a new 30 million container plant in Epervan, France and plans to build a new facility in Jakarta, Indonesia. Increasing consumption of canned and bottled foods and beverages in Latin America and Southeast Asia signals new growth potential for this business.

PHOTO OMITTED: "Daraform coating systems combine compatible sealants coatings for lug caps, crowns and aluminum closures."

"By focusing on quality patient one of the world's premier care and cost control, we will continue to be specialized health care companies."

Dr. Constantine L. Hampers, Chairman & CEO National Medical Care



Cofounded National Medical Care in 1968

#### HEALTH CARE

Excellence is no accident. Through an uncompromising commitment to quality and cost-efficient management, Grace maintains leading positions in the specialized health care markets of dialysis services, medical products and home health care. Representing nearly 25% of total Grace sales, the Company's health care businesses generated sales and revenues in 1992 of nearly 1.3 billion and operating income after taxes of 105.7 million.

As the primary component of Grace's core health care operations, National Medical Care (NMC) is a world leader in kidney dialysis services, the number one manufacturer of hemodialysis supplies in the U.S. and a major U.S. provider of home intravenous and respiratory therapies.

PHOTO OMITTED: "During hemodialysis, blood is continually circulated through a dialyzer to remove fluids and waste products."

#### DIALYSIS SECTIONS

Focused on saving lives, NMC's main business is the provision of kidney dialysis-primarily hemodialysis-to people afflicted with chronic or acute renal failure. Dialysis is a mechanical filtering process used to cleanse blood of waste products, draw off excess fluids and regulate body chemistry when the kidneys fail to function properly. Operating 404 outpatient clinics in the U.S., as well as 23 in Portugal and Spain (with others becoming operational around the world as we go to press), NMC provides more than four million dialysis treatments annually to approximately 34,000 patients. Affiliated with more than an 1,000 nephrologists, NMC integrates standardized clinical policies and procedures with advanced dialysis treatments and the safest medical supplies to provide high-quality, cost-effective health care, helping people continue to lead active lives.

#### MEDICAL PRODUCTS

An expert in forward and backward integration, NMC is the leading producer of dialysis concentrates and dialysis bloodlines in the U.S., manufacturing more than 1,000 specialized dialysis products and distributing another 2,500 medical supplies to dialysis care providers and home patients

PHOTO OMITTED: "The dedication of nearly 14,000 doctors, nurses, technicians and support personnel is at the heart of NMC's success."

#### HEALTH CARE (Continued)

NMC's LifeChem clinical laboratories provide vital support to its kidney dialysis treatment network, maintaining a database that is invaluable to



physicians in managing patient care. LifeChem is the primary medical laboratory relied upon by nephrologists in the U.S. for dialysis blood and hepatitis testing services.

Pursuing its strategy to expand health care operating globally, Grace acquired the Renacare health care unit of Lloyds Chemists in June 1992. Renacare is the leading manufacturer and distributor of renal dialysis concentrates and associated products in the United Kingdom. In March 1993, Grace announced plans to acquire Riggers Medizintechnik GmbH, a manufacturer and distributor of kidney dialysis products in Germany. This acquisition should facilitate NMC's growth in Germany, one of the major markets for dialysis in the European Community..

Consistent with the Company's strategy to integrate related business lines, during 1992 Grace's Amicon unit became an integral part of NMC Medical Products. Amicon bioseparation products are used extensively in biomedical research and for the manufacture of vaccines and pharmaceuticals.

PHOTO OMITTED: "NMC is the leading manufacturer of dialysis bloodlines in the U.S."

#### HOME HEALTH CARE

Today, as a result of the changing needs of clinicians and patients for a safe, cost-effective alternative to extended hospitalization, more patients are being treated at home or in community facilities other than hospitals. In the U.S., NMC Homecare provides lifesustaining drug and nutritional intravenous and respiratory therapies in nonhospital settings.

Health care reform is a major issue in the U.S., and health care services are being carefully scrutinized for their inherent value, clinical efficiency and cost-effectiveness. With expert teams of health care professionals available around the clock, in depth training for patients and their caregivers and rigorous quality assurance and cost control standards. NMC Homecare clearly meets these criteria.

In developed nations as well as in developing economies throughout the world, longer life spans signal an increased need for the specialized health care services at which Grace Health Care excels.

PHOTO OMITTED: "Diala-Kit is a customized package containing all the medical supplies necessary for a single dialysis treatment."

A focus on patient needs and quality care administered by dedicated professionals make NMC the leading provider of kidney services for treatment of chronic and acute renal failure.

GRAPH OMITTED: "Health Care 1992/1991 Sales by Industry"

PHOTO OMITTED: "Homecare patients are visited regularly by NMC caregivers individualized treatment, equipment and supplies."

## OTHER BUSINESSES

In addition to its core product lines, Grace operates several specialized businesses that contribute to its success. Among these, Grace Cocoa Associates, L.P. is the global leader in the production of high-quality cocoa and chocolate products for food manufacturers.

Enhanced global raw material sourcing programs and technological advances that improve product quality reinforce Grace Cocoa's commitment to excellence. In 1992, Milwaukee-based Ambrosia celebrated on-time completion of its new 90 million plus, 350,000-square foot computer-controlled manufacturing facility, one of the most advanced in the food industry. Grace Cocoa in Singapore added a new chocolate and compound operation to supply the Asian market. De Zaan successfully introduced Defatted S, a no-fat cocoa powder.

PHOTO OMITTED: "Grace Cocoa procures just the right combination of beans from worldwide sources to bring added value to its global customers."

Throughout Grace Cocoa, global teamwork has led to innovations in research, production, product packaging, marketing and business development, resulting in increased opportunities in Eastern Europe, Latin America and the Pacific Rim.

GRAPH OMITTED: "1992/1991 Sales by Industry"

Photo above: Grace Cocoa baking chips, blocks and coating made of pure chocolate and compound are marketed globally to industrial and food service customers under the Ambrosia, Merckens, Soboca and Kascho brand names.

## RESEARCH & DEVELOPMENT

The aim of Grace research and development is twofold: to efficiently convert the Company's investment in technology into profits-by continuously improving Grace products and processes in support of customer needs-and to probe selected frontiers of science to identify new business opportunities.

PHOTO OMITTED: "Grace's developmental liver-assist device is designed for short-term treatment of acute or chronic liver failure."

R & D programs capitalize on those technological trends that reinforce the Company's strength in specialty chemicals and health care. For example, Grace scientists are working on multilayer "smart films" that incorporate unique properties tailored to improve the quality of packaged foods; new generations of catalysts for environmentally compatible, high-octane fuels; strength enhancers for concrete;



high-performance scale and corrosion inhibitors for water treatment; improved solvent-free can sealants; and specialized biomedical devices to treat patients with a variety of ailments. Throughout the development process, Grace scientists focus on the end uses of research: how technical ideas solve problems and how product concepts will actually work for the customer.

PHOTO OMITTED: "Biocontrol research on the neem tree is yielding new growth opportunities in environmentally friendly pesticides."

Photo above: Grace researchers use blown-film extrusion to process polymer mixtures into layered films. Polymer processing has wide applications in packaging films, battery separators and gas separation membranes.

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#### COMMITMENT: ENVIRONMENT

Grace is committed not only to meeting the letter and spirit of compulsory environmental standards but to managing its environmental, health and safety affairs in ways that continually make its operations safer and healthier and our environment cleaner. The Company devotes 150 million annually to deliver on this commitment.

Grace is also developing technologies that enhance the environmental compatibility of Grace products and processes and others that specifically address environmental needs. Building on its broad strength in emission control technology, in 1992 Grace established a new product line dedicated to providing cost effective solutions to the air pollution control challenges of the '90s and beyond. Grace Emission Control Products markets emission control systems for industrial and power generation facilities. Grace also has developmental products such as the electrically heated catalytic converter, which is designed to address new clean air regulations for low and ultra-low emission vehicles.

PHOTO OMITTED: "Grace Davison proprietary alumina heads are used in a developmental acid rain control process."

Photo above: TEC thermal and catalytic oxidation systems-engineered to minimize VOC emissions-help industrial customers meet emission control target.

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#### MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

##### REVIEW OF OPERATIONS

##### OVERVIEW



For all periods presented, the statement of operations has been restated to reflect Grace Energy Corporation (Grace Energy) and certain corporate investments as discontinued operations, as discussed in Note 6 to the Consolidated Financial Statements.

The 1992 loss of 294.5 million includes: (1) a 140.0 million provision covering Grace's Belgian fumed silica plant (as discussed in Note 8 to the Consolidated Financial Statements); (2) a one-time accounting charge of 190.0 million (net of 98.0 million of deferred tax benefits), or 2.12 per share, due to the implementation of Statement of Financial Accounting Standards (SFAS) No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" (see Note 15 to the Consolidated Financial Statements); and (3) the loss of 183.9 million (net of taxes) from discontinued operations (see Note 6 to the Consolidated Financial Statements).

Sales and revenues increased 7% in 1992 over 1991, excluding the results of business sold during both years; including those business, 1992 sales and revenues decreased slightly as compared to 1991. Excluding the 140.0 million provision covering Grace's Belgian fumed silica plant, 1992 income from continuing operations decreased 10%, to 219.4 million, as compared to 1991. Sales and revenues increased 5% in 1991 over 1990, excluding businesses sold in 1991. Income from continuing operations increased by 10% in 1991 as compared to 1990.

#### SPECIALTY CHEMICALS-GENERAL

Sales for 1992 were essentially flat with 1991, including the results of the chemical intermediates product line, which was sold in December 1992, and the Teroson automotive and acoustical chemicals businesses, which were sold in 1991. Operating income (income after taxes) for 1992 increased by 3% versus 1991, including the results of the divested business prior to their sale. This increase does not reflect the provision covering the fumed silica plant.

#### SPECIALTY CHEMICALS-PRODUCT LINE RESULTS

(excludes results in 1992 from divested businesses and the fumed silica provision)

Sales increased approximately 5% in 1992 as compared to 1991, due to favorable volume, foreign currency exchange and price/product mix variances, estimated at 3%, 1% and 1%, respectively. Volume increases occurred in most product lines, particularly packaging and fluid cracking catalysts. Operating income decreased 4% from 1991 to 1992. North American results improved as compared to 1991 (except for a decrease in the container product line due to declining usage of sealants and lubricants by North American can makers), and strong growth was exhibited in packaging and in Grace Davison (fluid cracking catalysts and silica products), mainly due to the volume increases noted above. However, European results were adversely affected by recessionary conditions, leading to reduced profitability. Although Grace Davison catalysts showed strong sales growth, primarily due to the shutdown of a competitor, most product lines experienced marginal sales growth in Europe. Grace Dearborn water treatment profitability declined due to weakness in demand from the European paper industry, together



with planned expenditures for business development. Construction products also experienced reduced profitability due to the economic slowdown in Europe, particularly in the United Kingdom and Spain. However, favorable results were achieved in both the Asia/Pacific region and Latin America for most product lines.

Sales and operating income of the chemical intermediates product line (consisting largely of the organic chemicals business sold in December 1992) increased significantly in 1992 due to increased sales to a competitor as a result of an explosion at the competitor's plant. Sales and operating income from the chemical intermediates product line are expected to be more than replaced by growth in other specialty chemical product lines.

Specialty chemicals sales increased by 3% in 1991 compared to 1990, excluding from both periods sales of divested chemical intermediates business and the Teroson automotive and acoustical chemicals businesses; sales decreased 1% including these divested businesses. The increase was primarily due to a favorable price and product mix variance (estimated at 2%) and an estimated volume increase of 2%, reflecting improvements in water treatment, packaging and catalysts. These were partially offset by unfavorable currency translation, estimated at less than 1%. Excluding the divested businesses, operating income for 1991 increased 4% over 1990 (3% including the divested businesses), due to improvements in worldwide packaging and water treatment (reflecting higher sales volume) and fluid

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cracking catalysts (reflecting higher sales volume and improved margins). These favorable 1991 results were partially offset by start-up costs for a European plant, softness in construction products sales (caused by severe weakness in the building industry), and lower sales volume in graphic arts because of adverse economic conditions. 1990 results were adversely affected by the establishment of certain plant closure and environmental/restructuring reserves. See "below for additional information.

GRAPH OMITTED: "WORLDWIDE SALES & REVENUES (excludes divested businesses), Latin America/Other, Pacific, Europe, United States & Canada"

#### HEALTH CARE

Sales and revenues for 1992 increased by 20% over 1991, reflecting increases of 19% in kidney dialysis services, 16% in home health care and 26% in medical products operations. The number of dialysis centers increased 7%, from 390 at year-end 1991 to 419 at year-end 1992 (397 in the U.S. and Puerto Rico, 19 in Portugal and 3 in Spain). Plans to expand Grace's health care operations outside of the U.S. are expected to generate greater international revenues in the future. Operating income in 1992 increased by 27%, reflecting the continued growth of all health care businesses. Grace has realized increased profit margins due to improvements in operating efficiencies and capacity utilization. Grace's health care businesses are dependent on the

continuation of Medicare and other third party insurance coverage. It is unclear at this time whether and to what extent it is among the most cost-efficient of the health care companies in its field.

Sales and revenues of health care operations increased by 15%, to 1.1 billion, in 1991 as compared to 1990, reflecting improvements of 14% in kidney dialysis services, 23% in home health care and 13% in medical products operations. Operating income for 1991 increased by 23% over 1990 due to continued growth as well as improved profit margins.

#### OTHER BUSINESSES

This segment consists primarily of Grace's cocoa business. Cocoa sales decreased 3% in 1992 versus 1991. Increased depreciation, resulting from the opening of a state-of-the-art plant in Milwaukee, as well as higher production and operating expenses, also contributed to reduced cocoa operating income in 1992. 1991 sales (excluding the animal feed and textile businesses sold in 1991) increased 3% compared to 1990. Operating income for cocoa operations decreased slightly in 1991 versus 1990.

#### STATEMENT OF OPERATIONS

##### OTHER INCOME

Other income for 1992 includes, among other items, dividends, royalties from product licensing agreements, interests income and equity in affiliated companies. Other income for 1991 also includes a net gain on strategic restructuring of 6.1 million.

##### INTEREST EXPENSE

Interest expense decreased by 20% in 1992 versus 1991, primarily due to interest rates in 1992, the use of derivative financial instruments and the replacement of certain fixed rate debt with lower-cost floating rate borrowings. In addition, the Company issued approximately 300 million in fixed rate debt in 1992, which was effectively converted to floating rate debt.

Interest expense decreased by 12% in 1991 versus 1990 as a result of lower interest rates. See "Financial Condition: Liquidity and Capital Resources" below for additional information concerning borrowings.

##### RESEARCH AND DEVELOPMENT EXPENSES

Research and development spending increased by 1% in 1992 and 2% in 1991 over the respective prior years. Research spending was primarily directed toward Grace's core specialty chemicals and health care businesses.

##### INCOME TAXES

The effective tax rate for 1992 was 41.5% before the increase of 51.9 million in the valuation allowance for deferred tax assets. This valuation allowance relates to a provision for uncertainty as to the absorption of net operating loss and general business credit



carryforwards.

The 1991 effective tax rate increased to 38.6% as compared with 35.2% in 1990, largely due to tax costs attributable to the divestiture of the specialty textiles and Teroson businesses, the additional tax

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costs of repatriating to the U.S. a higher level of earnings of foreign subsidiaries and an increase in state income taxes (net of federal tax benefit).

See Note 5 to the Consolidated Financial Statements for additional information regarding income taxes.

#### LOSS FROM DISCONTINUED OPERATIONS

In 1992, Grace restated its financial statements to reflect the classification of Grace Energy and certain corporate investments as discontinued operations. See Note 6 to the Consolidated Financial Statements for additional information.

#### FINANCIAL CONDITION

##### LIQUIDITY AND CAPITAL RESOURCES

During 1992, the net pretax cash flow generated by Grace's continuing operating activities was 442.6 million. After giving effect to discontinued operations and payments of income taxes, the net cash provided by operating activities was 438.3 million in 1992 versus 602.3 million in 1991, primarily a result of receiving 211.1 million in net proceeds from the sale of accounts receivable in 1991, compared with net proceeds of 99.3 million in 1992.

Investing activities used 337.7 million of cash in 1992, largely reflecting capital expenditures and business acquisitions and investments, including 80 million for the acquisition of the publicly held shares of Grace Energy. These investing activities were offset by net proceeds of 221.2 million from divestment.

Net cash used for financing activities in 1992 was 241.4 million, reflecting a net decrease in total borrowings, the payment of 125.9 million of dividends and funds received from the sale of a minority interest in a Grace Cocoa limited partnership (see Note 11 to the Consolidated Financial Statements). Total debt was approximately 1.8 billion at December 31, 1992, a decrease of 440.2 million from December 31, 1991. The changes in total debt reflected a reduction in commercial paper and bank borrowings of 453.7 million; the June 1992 redemption of the remaining 94.0 million principal amount of 10-3/8% Notes Due 1997; the repayment in the 1992 first quarter of 131.0 million principal amount of promissory notes; and, using the proceeds from the 1991 divestment of the specialty textiles business, the repayment of 125.0 million of short-term debt. During 1992, Grace issued 150.0 million of 7.75% Notes Due 2002 and 150.0 million of 6.5% Notes Due 1995. Grace entered into a new bank credit agreement in September 1992

under which it may borrow up to 1.225 billion at interest rates based upon the prevailing prime, federal funds and/or Eurodollar rates. See Note 10 to the Consolidated Financial Statements for additional information.

Grace's total debt as a percentage of total capital (debt ratio) was 49.7% at December 31, 1992, compared with 51.6% at December 31, 1991. The decrease in the debt ratio is due to a reduction in total debt, partially offset by a decrease in shareholder's equity in 1992 as a result of the provision recorded in connection with the classification of Grace Energy as a discontinued operation, the provision covering the fumed silica plant and the accounting charge recorded for the implementation of SFAS 106.

As previously reported (see Note 2 to the Consolidated Financial Statements), Grace is a defendant in lawsuits relating to asbestos-containing products it previously sold. In 1992, Grace paid 63.3 million in connection with the defense and disposition of both property damage and bodily injury litigation related to asbestos, net of amounts received in 1992 from settlements with certain of Grace's insurance carriers. While Grace cannot precisely estimate the amounts to be paid in 1993 in respect of asbestos-related lawsuits and claims, Grace expects that it will be required to expend a minimum of 125.0 million in 1993 to defend and dispose of such lawsuits and claims.

In January 1993, Grace sold 300.0 million principal amounts of 7.4% Notes Due 2000. The net proceeds from the sale of these notes were used to repay commercial paper and bank borrowings.

Grace expects to satisfy its 1993 cash requirements from the following sources: (1) funds generated by operations, (2) proceeds from the sale of businesses, and (3) financings. Such financing could include new borrowings, the availability and cost of which will depend upon general economic and market conditions.

GRAPH OMITTED: "WORLDWIDE AFTER-TAX OPERATING INCOME (excludes divested businesses), Latin America/Other, Pacific, Europe, United States & Canada"

#### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation, as well as the integrity and objectivity, of the financial statements and other financial information included in this report. The financial statements and other financial information have been prepared in conformity with generally accepted accounting principles and, accordingly, include certain amounts in that represent management's best estimates and judgments.

For many years, management has maintained internal control systems to assist in fulfilling its responsibility for financial reporting, including careful selection of personnel, segregation of duties, formal



business, accounting and reporting policies and procedures and an extensive internal audit function. While no system can ensure elimination of all errors and irregularities, Grace's systems, which are reviewed and modified in response to changing conditions, have been designed to provide reasonable assurance that assets are safeguarded, policies and procedures are followed and transactions are properly executed and reported. The concept of reasonable assurance is based on the recognition that there are limitations in all systems and that the cost of such systems should not exceed the benefits to be derived.

The Audit Committee of the Board of Directors, which is comprised of directors who are neither officers nor employees of nor consultants to Grace, meets with Grace's senior financial personnel, internal auditors and independent accountants to review audit plans and results as well as the actions taken by management in discharging its responsibilities for accounting, financial reporting and internal control systems. The Audit Committee reports its findings and also recommends the selection of independent accountants to the Board of Directors. Grace's management, internal auditors and independent accountants also have direct and confidential access to the Audit Committee at all times.

The independent accountants are engaged to conduct audits of and render a report on the financial statements in accordance with generally accepted auditing standards. These standards include a review of the systems of internal controls and tests of transactions to the extent they consider necessary for purposes of supporting their opinion as set forth in their report.

BRIAN J. SMITH  
Executive Vice President  
and Chief Financial Officer

#### REPORT OF INDEPENDENT ACCOUNTANTS

PRICE WATERHOUSE  
153 East 53rd Street  
New York, NY 10022

February 3, 1993

To the Shareholders and Board of Directors of W.R. Grace & Co.

In our opinion, the consolidated financial statements appearing on pages 25 through 43 of this report present fairly, in all material respects, the financial position of W.R. Grace & Co. and subsidiaries at December 31, 1992 and 1991, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1992, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,



assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As discussed in Notes 5 and 15, the Company adopted new accounting standards for income taxes and postretirement benefits in 1992.

#### PRICE WATERHOUSE

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#### CONSOLIDATED FINANCIAL STATEMENTS W.R. Grace & Co. and Subsidiaries CONSOLIDATED STATEMENT OF OPERATIONS

Dollars in millions, except per share amounts	1992	1991	1990
Sales and revenues	5,518.2	5,569.9	5,504.6
Other income (Note 4)	87.5	79.8	59.5
Total	5,605.7	5,649.7	5,564.1
Cost of goods sold and operating expenses	3,501.5	3,545.4	3,593.7
Selling, general and administrative expenses	1,203.6	1,142.0	1,048.3
Depreciation and amortization	272.2	275.9	265.6
Interest expense	113.4	140.9	159.8
Research and development expenses	150.6	149.8	146.5
Provision covering fumed silica plant (Note 8)	140.0	-	-
Total	5,381.3	5,254.0	5,213.9
Income from continuing operations before income taxes and minority interests	224.4	395.7	350.2
Income taxes (Notes 5)	145.0	152.8	123.2
Minority interest	-	-	7.0
Income from continuing Operations	79.4	242.9	220.0
Loss from discontinued operations (Note 6)	183.9	24.3	17.2
(Loss)/income before cumulative effect of accounting changes	(104.5)	218.6	202.8
Cumulative effect of accounting changes (Notes 5 and 15)	(190.0)	-	-
Net (loss)/income	(294.5)	218.6	202.8

(Loss)/earnings per share:			
Continuing operations	.88	2.78	2.56
Cumulative effect of accounting changes	(2.12)	-	-
Net (loss)/earnings	(3.29)	2.50	2.36
Fully diluted earnings per share:			
Continuing operations	-(1)	2.26	2.52
Net earnings	-(1)	2.40	2.32

The Notes to Consolidated Financial Statements, pages 29 to 43, are integral parts of these statements.

(1) Not presented as the effect is anti-dilutive.

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#### CONSOLIDATED STATEMENT OF CASH FLOWS

Dollars in millions	1992	1991	1990
Operating Activities			
Income from continuing operations before income taxes and minority interests	224.4	395.7	350.2
Reconciliation to cash provided by operating activities:			
Depreciation and amortization	272.2	275.9	265.6
Provision covering fumed silica plant	140.0	-	-
Change in assets and liabilities, excluding businesses acquired/divested and foreign exchanged effect:			
Decrease/(increase) in note and accounts receivable, net	48.4	171.2	(89.1)
Increase in receivable due from insurance carriers	(150.3)	(54.9)	(23.2)
Increase in accounts payable	29.5	11.9	59.0
Other	(121.6)	(139.5)	(73.5)
Net pretax cash provided by operating activities of continuing operations	442.6	660.3	489.0
Net pretax cash provided by operating activities of discontinued operations	94.6	59.5	3.8
Net pretax cash provided by			

operating activities	537.2	719.8	492.8
Income taxes paid	(98.9)	(117.5)	(59.8)

Net cash provided by operating activities	438.3	602.3	433.0
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Investing Activities			
Capital expenditures	(398.4)	(447.0)	(513.7)
Businesses acquired in purchase transactions, net of cash acquired	(61.2)	(131.0)	(186.5)
Increase in net investment of discontinued operations	(101.5)	(55.9)	(51.1)
Decrease/(increase) in investments in and advances to affiliated companies	4.7	(44.8)	(7.5)
Net proceeds from strategic restructuring/business divestments	221.2	366.4	-
Proceeds from disposal of assets	38.7	30.2	115.1
Other	(41.2)	(45.5)	32.9

Net cash used for investing activities	(337.7)	(327.6)	(610.8)
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Financing Activities			
Dividend paid	(125.9)	(122.5)	(120.7)
Repayments of borrowings having original maturities in excess of three months	(274.0)	(695.6)	(127.2)
Increase in borrowings having original maturities in excess of three months	355.7	319.7	37.8
Net (repayments)/increase in borrowings having original maturities of less than three months	(508.0)	271.3	392.4
Sale of limited partnership interest	297.0	-	-
Stock options exercised	21.3	45.7	1.3
Other	(7.5)	-	(2.4)

Net cash (used for)/ provided by financing activities	(241.4)	(181.4)	181.2
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Effect of exchange rate changes on cash and cash equivalents	(3.5)	(2.2)	3.9
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(Decrease)/increase in cash equivalents	(144.3)	91.1	7.3
Cash and cash equivalents, beginning of year	207.1	116.0	108.7

Cash and cash equivalents, end of year	62.8	207.1	116.0
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The Notes to Consolidated Financial Statements, pages 29 to 43, are integral parts of these statements.

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# CONSOLIDATED BALANCE SHEET

Dollars in million, except

par value	December 31,	1992	1991
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		62.8	207.1
Notes and accounts receivables, net (Note 7)		690.4	891.4
Inventories (Note 7)		592.9	670.0
Net assets of discontinued operations, current (Note 6)		606.3	147.5
Deferred income taxes (Note 5)		96.8	-
Other current assets		42.2	74.0
<b>Total Current Assets</b>		<b>2,091.4</b>	<b>1,990.0</b>
Properties and equipment, net (Note 8)		1,707.9	2,558.2
Investments in and advances to affiliated companies (Notes 9)		115.8	193.7
Net assets of discontinued operations, noncurrent (Notes 6)		108.5	-
Goodwill, less accumulated amortization of 50.1 (1991-48.8)		298.6	308.7
Other assets (Note 7)		1,276.4	956.5
<b>Total Assets</b>		<b>5,598.6</b>	<b>6,007.1</b>
<b>Liabilities and Shareholder's Equity</b>			
<b>Current Liabilities</b>			
Short-term debt (Note 10)		464.7	466.3
Accounts payable		423.6	486.4
Income taxes (Note 5)		158.1	124.5
Other current liabilities		593.2	544.9
<b>Total Current Liabilities</b>		<b>1,639.6</b>	<b>1,622.1</b>
Long-term debt (Note 10)		1,354.5	1,793.1
Other noncurrent liabilities		666.1	317.2
Deferred income taxes (Note 5)		96.4	151.9
Minority interests (Note 11)		297.0	97.6
<b>Total Liabilities</b>		<b>4,053.6</b>	<b>3,981.9</b>

## Commitments and Contingencies (Notes 2 and 10)

## Shareholder's Equity (Note 12)

Preferred stocks, 100 par value	7.5	7.5
Common stock, 1.00 par value; 300,000,000 shares authorized; outstanding at December 31: 1992-89,892,000; 1991-88,603,000	89.9	88.6
Paid in capital	151.4	120.1
Retained earnings	1,298.6	1,719.0
Cumulative translation adjustments	(2.4)	90.0

Total Shareholders' Equity	1,545.0	2,025.2
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Total Liabilities and Shareholder's Equity	5,598.6	6,007.1
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The Notes to Consolidated Financial Statements, pages 29 to 43, are integral parts of these statements.

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## CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

Dollars in millions	1992	1991	1990
Preferred Stock			
Balance, beginning of year	7.5	7.5	7.5
Balance, end of year	7.5	7.5	7.5
Common Stock			
Balance, beginning of year	88.6	86.1	85.5
Stock options and awards	1.3	2.5	.3
Other	-	-	.3
Balance, end of year	89.9	88.6	86.1
Paid in Capital			
Balance, beginning of year	120.1	61.6	47.4
Stock options and awards	31.1	58.4	12.6
Other	.2	.1	1.6
Balance, end of year	151.4	120.1	61.6
Retained Earnings			
Balance, beginning of year	1,719.0	1,622.9	1,540.8
Net (loss)/income	(294.5)	218.6	202.8
Dividends paid	(125.9)	(122.5)	(120.7)
Balance, end of year	1,298.6	1,719.0	1,622.9
Cumulative Translation Adjustments			

Balance, beginning of year	90.0	134.4	49.2
Translation adjustments	(92.4)	(44.4)	85.2
Balance, end of year	(2.4)	90.0	134.4
Total Shareholder's Equity	1,545.0	2,025.2	1,912.5

The Notes to Consolidated Financial Statements, pages 29 to 43, are integral parts of these statements.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Dollars in millions, except per share amounts

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING AND FINANCIAL REPORTING POLICIES

The accounting and financial reporting policies of W.R. Grace & Co. and subsidiaries (Grace) conform to generally accepted accounting principles and reflect practices common in the industries in which Grace operates.

#### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of W.R. Grace & Co. and majority-owned companies. Investments in affiliated companies (20%-50% owned) are accounted for under the equity method.

#### RECLASSIFICATIONS

Certain amounts in the prior years consolidated financial statements have been reclassified to conform to the current year's presentation and as required with respect to discontinued operations.

#### CASH EQUIVALENTS

Cash equivalents consist of highly liquid instruments with original maturities of three months or less.

#### INVENTORIES

Inventories are stated at the lower of cost or market. Due to diversified nature of Grace's operations, several methods of determining cost are used, including first-in/first-out, average and, for substantially all U.S. chemical inventories, last-in/first-out. Market value for raw and packaging materials is based on current cost and, for other inventory classifications, on net realizable value.

#### PROPERTIES AND EQUIPMENT

Properties and equipment are stated at the lower of cost or net realizable value. Depreciation of properties and equipment is generally



computed using the straight-line method over the estimated useful lives of the assets. Interest is capitalized in connection with major project expenditures and amortized, generally on a straight-line basis, over the estimated useful lives of the assets.

Fully depreciated assets are retained in properties and equipment and related depreciation accounts until they are removed from service. In the case of disposals, assets and related depreciation are removed from the accounts and the net amounts, less proceeds from disposal, is charged or credited to income.

#### GOODWILL

Goodwill arises from certain purchase transactions and is amortized using the straight-line method over appropriate periods not exceeding 40 years.

#### INCOME TAXES

Effective January 1, 1992, Grace adopted Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes." The statement requires the use of an asset and liability approach for the accounting and financial reporting for income taxes.

#### CUMULATIVE TRANSLATION ADJUSTMENTS

The financial statements of Grace's non-U.S. subsidiaries are translated into U.S. dollars in accordance with the provisions of SFAS No. 52, "Foreign Currency Translation." The assets and liabilities of certain non-U.S. subsidiaries whose "functional" currencies are other than the U.S. Dollar are translated at rates of exchange at year end, and revenues and expenses are translated at average monthly exchange rates. The allocation for income taxes included in the translation adjustments account in shareholders' equity was not significant.

#### EARNINGS PER SHARE

Primary earnings per share are computed on the basis of the weighted average number of common shares outstanding. Fully diluted earnings per share assume the conversion of convertible debentures (with an increase in net income for the after-tax interest savings) and the issuance of common stock equivalents related to stock options. Fully diluted earnings per share are not presented for 1992 as the effect is anti-dilutive.

#### FINANCIAL INSTRUMENTS

In 1992, Grace adopted SFAS No. 107, "Disclosures about Fair Value of Financial Instruments." Grace enters into interest rate swap agreements and foreign currency contracts to manage fluctuations in interest and foreign currency exchange rates. The differential paid or received on interest rate swap agreements is recognized as an adjustment to interest expense over the life of the debt instrument to which it relates; gains and losses realized upon termination of these agreements are deferred and amortized to interest expense over the remaining life of the related indebtedness. Gains and losses on foreign currency contracts offset

gains and losses resulting from the underlying transactions. Gains and losses on contracts that hedge specific foreign currency commitments are deferred and recognized in net income in the period in which the transaction is consummated. Gains and losses on contracts that hedge net investments in foreign subsidiaries are recognized in the cumulative translation adjustments account in shareholders' equity.

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## 2. ASBESTOS; ENVIRONMENTAL AND OTHER PROCEEDINGS

Grace is a defendant in lawsuits relating to previously sold asbestos-containing products. At December 31, 1992, Grace was a defendant in approximately 30,900 asbestos-related lawsuits representing approximately 53,000 claims (versus approximately 24,300 lawsuits and 36,000 claims at December 31, 1991). It is anticipated that Grace will be named as a defendant in additional asbestos-related lawsuits in the future. At December 31, 1992, 105 (122 at December 31, 1991) of such lawsuits pending involved claims for property damage allegedly caused by the use of asbestos-containing materials in the construction of buildings. The plaintiffs in these lawsuits generally seek, among other things, to have the defendants absorb the cost of removing, containing or repairing the asbestos-containing materials in the affected buildings. The remaining asbestos-related lawsuits involved claims for personal injury. In most of these lawsuits, Grace is one of many defendants.

### PROPERTY DAMAGE LITIGATION

Through December 31, 1992, 107 asbestos property damage cases has been dismissed with respect to Grace without payments of any damages or settlement amounts; verdicts were returned in favor of Grace in seven cases; in one case, Grace was held liable for 8.0 and in two other cases,, which are on appeal, Grace was held liable for a total of 21.4; and 116 property damage suits and claims had been settled by Grace for a total of 278.6. Grace has recorded a receivable for the insurance proceeds it expects to receive in connection with these settlements and the adverse verdicts and defense costs initially paid by Grace.

In April 1992, a Pennsylvania state court certified a state class action of all commercial buildings leased in whole or part to the U.S. government on or after May 30, 1986; the class would cover all such buildings regardless of location. Grace and the other defendants are contesting the jurisdiction of the court over the class as defined.

In September 1992, a federal District Court in South Carolina conditionally certified a class of all public and private colleges and universities in the U.S. whose buildings contain asbestos materials. With the District Court's permission, the U.S. Court of Appeals for the Fourth Circuit has accepted an appeal by Grace and the other defendants, who are seeking decertification of the class.

In October 1992, the U.S. Court of Appeals for the Third Circuit



granted petitions by Grace and other defendants to disqualify the judge presiding over a national class action brought in 1983 on behalf of all public and private elementary and secondary schools in the U.S. that contain asbestos materials. The action has been assigned to a new judge, who is expected to reconsider the manageability of the case as a national class action.

In December 1992, a class action asbestos property damage suit was filed in a South Carolina state court on behalf of all entities that own in whole or in part, any building containing asbestos materials manufactured by Grace or one of eight other named defendants. Excluded are buildings subject to the class action lawsuits described above, as well as any building owned by the federal or any state government. The defendants have successfully transferred this case to a federal District Court in South Carolina.

#### PERSONAL INJURY LITIGATION

Through December 31, 1992, approximately 5,800 asbestos personal injury lawsuits involving 6,600 claims has been dismissed with respect to Grace without payment of any damages or settlement amounts (primarily on the basis that Grace products were not involved), and approximately 8,500 such suits involving 9,400 claims had been settled for a total of 39.9, the majority of which has been paid by certain of Grace's insurance carriers as part of the settlements described below.

In January 1993, a federal District Court in Pennsylvania conditionally certified a class of all future asbestos personal injury claimants, including individuals who have been occupationally exposed to asbestos-containing materials but who do not presently allege asbestos-related injury. Although Grace is not among the defendants named in the class action complaint, dissemination of the required class notice may generate additional litigation against Grace.

#### RANGE OF POTENTIAL EXPOSURE

Although personal injury cases are generally similar to each other (differing only in the type of asbestos-related illness allegedly suffered by the plaintiff), each property damage case is unique in that building types, sizes, utilization and difficulty of abatement, if necessary, may vary from structure to structure; thus, the amounts involved in prior dispositions of property damage cases are not necessarily indicative of the amounts that may be required to dispose of such cases in the future. In addition, in property - damage cases, information regarding product identification on a building-by-building basis (i.e.,

whether or not Grace products were actually used in the construction of the building), the age of the building, the type, size and use of the building, the jurisdictional history of prior cases and the court in which the case is pending provide the only meaningful guidance as to potential future costs. However, much of this information is not yet available in the majority of the property damage cases currently pending



against Grace. Accordingly, estimates of future costs to dispose of these cases are, in most instances, based on incomplete information, based on incomplete information, as well as assumptions that may not be accurate. Further, the filing of new class actions and uncertainty with respect to the class certification in the national elementary and secondary schools class action make it more difficult to reliably predict the costs Grace will incur in disposing of asbestos-related litigation.

Subject to the preceding qualifications (which Grace believes to be significant), Grace has attempted to determine its future costs to dispose of this litigation and has concluded that it is probable that the personal injury and property damage cases pending at December 31, 1992 can be disposed of for total amounts estimated to range between 480.0 and 627.0, inclusive of legal fees and expenses. Grace has recorded a receivable of 358.3 for the insurance proceeds it expects to receive for prior payments made to dispose of asbestos-related litigation. Adding the receivable to the estimated maximum exposure of approximately 627.0 for pending cases yields a total maximum estimated exposure of approximately 985.3.

Although Grace has determined its estimated and probable exposure to be at least 480.0 as discussed above, this amount has not been recorded in Grace's consolidated financial statements because recovery from Grace's insurance carriers with respect to the underlying claims is deemed probable notwithstanding assertions by certain of those carriers that they are not required to indemnify Grace. Uncertainties relating to such indemnification have been considered in establishing this estimate and in the preparation of the consolidated financial statements.

#### INSURANCE LITIGATION

Grace's ultimate exposure in respect of its asbestos-related lawsuits and claims will depend on the extent to which its insurance will cover damages for which it may be held liable, amounts paid in settlement and litigation costs. In March 1991, the U.S. District Court for the Southern District of New York held that Grace's primary insurance carriers are obligated to defend and indemnify Grace with respect to damages (other than certain punitive damages), settlement amounts and litigation costs in connection with both personal injury and property damage asbestos claims. The court held that coverage for asbestos property damage was triggered by the "discovery of damage" during the policy period. In December 1991, the Circuit Court for Jackson County, Mississippi also held that Grace's primary and excess insurance carriers are obligated to defend and indemnify Grace, holding that for the purposes of insurance coverage, damage to buildings from asbestos-containing products occurs at the time such products are put in place and that the damage continues as long as the building contains the products (a "continuous trigger"). A similar decision was rendered by a Minnesota state court in November 1992.

In 1992, Grace received 31.2 in reimbursements from insurance carriers for monies expended by Grace in connection with asbestos-related litigation. Grace is still seeking to recover the balance of the payments it has made with respect to asbestos-related litigation from its excess insurers and from insurance companies that sold insurance



policies to predecessor companies of Grace. Prior to 1992, Grace received payments totalling 55.8 from two carriers, which represented the aggregate remaining obligation owed to Grace by those carriers for primary level insurance coverage written by them for the period of June 30, 1962 through June 30, 1987.

For the period June 30, 1970 through June 30, 1985 - the most relevant period for asbestos-related litigation - Grace purchased, on an annual basis, as much as eight levels of excess insurance coverage. In general, excess policies provide that when claims paid exhaust coverage at one level, the insured may seek payment from the carriers at the next higher level. For that 15-year period, the first six levels of excess insurance available from insurance companies that Grace believes to be solvent (based primarily upon reports from a leading independent insurance rating service) provide coverage in excess of 1.5 billion, which is 514.7 or 52% more than the estimated maximum exposure referred to above. If, however, the amount available in the first six levels should prove to be insufficient, Grace has substantial additional coverage available in its two remaining levels of excess coverage will be available to satisfy Grace's asbestos-related exposure. Consequently, Grace believes that the resolution of its asbestos-related litigation will not have a material effect on its consolidated financial position or results of operations.

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#### ENVIRONMENTAL AND OTHER PROCEEDINGS

Grace has also been designated, along with other companies, as a "potentially responsible party" by the U.S. Environmental Protection Agency (EPA) with respect to absorbing the costs of investigating and remediating pollution at various sites. Grace is also involved in other litigation, including certain environmental proceedings brought by federal, state and/or local government agencies and private parties. The EPA actions and other proceedings are not expected to result in either significant monetary or other sanctions or to have other material effects.

#### 3. ACQUISITIONS, DIVESTMENTS AND STRATEGIC RESTRUCTURING

In July 1992, Grace completed the purchase of the common stock of Grace Energy Corporation (Grace Energy) not previously owned by Grace for a total of 77.3; see Note 6 for a discussion of divestment activity with respect to Grace Energy's businesses. During 1992, Grace continued to expand its health care operations through the acquisition of several business and facilities for consideration totalling 44.2.

In 1991, Grace purchased the 25% minority interest in Grace Cocoa for 74.6 and purchased an initial 47% common equity interest in a health care service company. In addition, Grace Energy purchase its former partner's 50% interest in Colowyo Coal Company (Colowyo) for 34.2.

During 1990, Grace acquired several suppliers of water treatment

products and services and health care service operations, as well as the 2.5% of National Medical Care, Inc. common stock not already owned.

All of the above transactions were accounted for a purchases, and results of operations of the acquired businesses are included in the consolidated financial statements from the respective dates of acquisition.

In December 1992, Grace sold its organic chemicals business and related net assets for approximately 100.0 in cash plus preferred stock of the buyer. In March 1992, Grace sold its book, video and software distribution business (Grace Distribution), which was classified as a discontinued operation in the fourth quarter of 1991.

The 1991 net gain on strategic restructuring (See Note 4) includes gains of 108.8, inclusive of cumulative translation gains of 37.9, on the disposition of certain noncore business and investments. Offsetting these gains were expenses related to the relocation of Grace's corporate offices from New York to Florida, provisions for litigation and certain environmental and plant closure expenses, costs for consultants retained in connection with the restructuring plan and a reserve for the costs of implementing the restructuring plan.

#### 4. OTHER INCOME

	1992	1991	1990
Interest	14.3	14.9	17.6
Net gain on strategic restructuring	-	6.1	-
Equity in earnings of affiliated companies	2.8	7.6	7.0
Other	70.4	51.2	34.9
	87.5	79.8	59.5

#### 5. INCOME TAXES

Effective January 1, 1992, Grace adopted SFAS No. 109, "Accounting for Income Taxes," which supersedes SFAS No. 96, adopted by Grace as of January 1, 1988. Like SFAS No. 96, SFAS No. 109 applies an asset and liability approach that requires the recognition of deferred tax assets and liabilities with respect to the expected future tax consequences of events that have been recognized in the consolidated financial statements and tax returns. However, unlike SFAS No. 96, SFAS No. 109 generally considers all future events, other than enactment of changes in tax laws or rates, in estimating future tax consequences. If it is more likely than not that all or a portion of a deferred tax asset will not be realized, a valuation allowance is recognized. As permitted



under SFAS No. 109, Grace has elected not to restate prior periods' consolidated financial statements. Excluding the deferred tax benefit recognized upon the adoption of SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," the effect of the adoption of SFAS No. 109 on Grace's financial statements is not material.

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The components of income from continuing operations before income taxes are as follows:

	1992	1991	1990
Domestic	212.1	131.8	96.7
Foreign	12.3	263.9	253.5
	224.4	395.7	350.2

The provision for income taxes allocated to continuing operations consists of:

	1992	1991	1990
Federal income taxes:			
Current	74.5	40.8	33.6
Deferred	(18.1)	(2.7)	(6.3)
State and local income taxes (current)	16.3	15.2	10.7
Foreign income taxes:			
Current	66.0	84.2	70.9
Deferred	6.3	15.3	14.3
	145.0	152.8	123.2

At December 31, 1992, the deferred tax assets and liabilities consisted of the following items:

1992

Expenses deducted for book purposes but capitalized for tax purposes:

Research and development expenses	106.7
Postretirement benefits other than pensions	94.1
Net operating loss carryforwards	53.6
Reserves not yet deductible for tax purposes	26.8
Tax credit carryforwards	26.0
Pension and insurance reserves	23.0
Capitalized inventory costs and inventory reserve	17.7
Other	60.9

Total deferred tax assets 408.8

Depreciation and amortization	141.6
Prepaid pension cost	71.4
Other	6.4
Total deferred tax liabilities	219.4
Deferred tax assets valuation allowance	51.9
Net deferred tax assets	137.5

The valuation allowance for 1992 relates to a provision for uncertainty as to the absorption of net operating loss and general business credit carryforwards.

The items giving rise to deferred tax assets and liabilities at December 31, 1991 and 1990 included depreciation, research and development costs that have been capitalized for tax purposes, and other items whose treatment for tax purposes does not conform to their treatment for financial statement purposes.

The U.S. Federal statutory tax rate reconciles to the effective tax rate for continuing operations as follows:

	1992	1991	1990
U.S. Federal statutory tax rate	34.0%	34.0%	34.0%
Increase/(decrease) in tax rate resulting from:			
U.S. and foreign taxes on foreign operations	9.3	5.7	2.9
Utilization of general business credits	-	(2.3)	(2.0)
State and local income taxes, net of Federal income tax benefit	4.8	2.3	1.7
Valuation allowance for deferred tax assets	22.6	-	-
Other, net	(6.1)	(1.1)	(1.4)
Effective tax rate	64.6%	38.6%	35.2%

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The U.S. Internal Revenue Service has completed examinations of consolidated Federal income tax returns of W.R. Grace & Co. and its domestic subsidiaries through 1986. U.S. and foreign taxes have not been provided on approximately 535.0 of undistributed earnings of foreign subsidiaries, which are being retained indefinitely by the foreign subsidiaries for reinvestment. The distribution of these earnings would result in additional foreign withholding taxes of approximately 39.0 and additional U.S. Federal income taxes to the extent they are not offset by foreign tax credits, but it is not practicable to estimate the total tax liability that would be incurred on such distribution.



## 6. DISCONTINUED OPERATIONS

In the second quarter of 1992, Grace recorded a provision of 155.0 (net of an applicable tax benefit of 82.0) for the expected loss on the divestment of Grace Energy's oil and gas operations and the operating losses expected to be incurred pending their divestment. Effective in the fourth quarter of 1992, Grace reclassified Colowyo, a Grace Energy subsidiary, as a discontinued operation. Accordingly, the consolidated statement of operations for periods prior to 1992 has been restated to reflect all of Grace Energy as a discontinued operation.

In January 1993, Grace sold the stock and substantially all of the assets of Grace Petroleum Corporation, Grace Energy's oil and gas production subsidiary, to two buyers for total cash proceeds of 163.0. Grace expects to complete the sale of Support Terminal Services, Inc., Grace Energy's liquid storage and terminaling subsidiary, in March 1993, for the total cash proceeds of 63.5. Grace has agreed to sell the assets of Homco International, Inc., Grace Energy's oil field service subsidiary, for cash proceeds of 97.5; the transaction is expected to be completed in April 1993.

### GRACE DISTRIBUTION

In March 1992, Grace completed the sale of Grace Distribution, which had been reclassified as a discontinued operation in 1991, for 97.8 in cash and notes. The 1992 loss from discontinued operations includes the operating losses of Grace Distribution prior to the sale. The loss from discontinued operations in 1991 included a provision for the estimated loss on the sale of Grace Distribution and its operating results prior to divestment.

### OTHER

In the fourth quarter of 1992, Grace reclassified certain corporate investments as discontinued operations, including Grace's minority interests in Canonie Environmental Services Corp. and Grace-Sierra Horticultural Products Company. Grace believes that it has adequate recorded provisions to cover the losses anticipated on the disposal of these investment.

The loss from discontinued in 1992 includes an after-tax provision of 12.1 relating to the loss associated with the sale of Grace's remaining Mexican-style restaurant operation, which was first classified as a discontinued operation in 1986.

During 1991, Grace conducted an analysis of the reserve related to its discontinued fertilizer operations and the remaining by Grace, which resulted in a 19.5 decrease to the reserve established in 1986.



including net (losses)/gains on disposals, for the three years ended December 31, 1992, 1991 and 1990 are as follows:

	1992	1991	1990
Grace Energy			
Sales and revenues	515.0	479.2	479.5
(Loss) from operations before taxes	(11.1)	(25.6)	(13.8)
Net pretax (loss) on disposal of operations	(236.8)	-	-
Income tax benefit	88.4	9.7	3.9
(Loss) from discontinued operations(1)	(159.5)	(15.9)	(9.9)
Grace Distribution			
Sales and revenues	178.0	780.4	769.8
(Loss)/income from operations before taxes	(2.8)	(.1)	.1
Net pretax (loss) on disposal of operations	-	(28.3)	-
Income tax benefit	.9	8.3	.4
(Loss)/income from discontinued operations(1)	(1.9)	(20.1)	.5
Other			
Sales and revenues	31.7	42.4	141.9
(Loss) from operations before taxes	(14.6)	(11.9)	(11.3)
Net pretax (loss) on disposal of operations	(18.3)	-	-
Reversal of prior year divestment reserve	-	28.3	-
Income tax benefit/(provision)	10.4	(4.7)	3.5
(Loss)/income from discontinued operations	(22.5)	11.7	(7.8)
Total (loss) from discontinued operations	(183.9)	(24.3)	(17.2)

(1) The operating results of discontinued operations include an allocation of interest expense based on Grace's incremental borrowing rate applied to the expected proceeds from the divestment of Grace Energy and to the net assets of Grace Distribution through the date of sale, assuming such proceeds will be used to reduce Grace debt.

Net assets of Grace's discontinued operations as of December 31, 1992 are set forth as follows:

	Grace Energy	Other	Total
Current assets	104.3	12.8	117.1
Properties and equipment, net	640.9	25.7	666.6
Investment in and advances to affiliated companies	23.1	75.1	98.2
Other noncurrent assets	15.1	30.0	45.1
Total assets	783.4	143.6	927.0
Current liabilities	85.1	10.5	95.6
Other noncurrent liabilities	116.6	-	116.6
Total liabilities	201.7	10.5	212.2
Net assets of discontinued operations	581.7	133.1	714.8

The consolidated balance sheet at December 31, 1992 and the consolidated statement of cash flows for 1992 reflect Grace Energy's operations separately from Grace's continuing operations. The consolidated balance sheet at December 31, 1991 and the consolidated statement of cash flows for 1991 reflect Grace Distribution separately from continuing operations. The consolidated statement of operations for all periods presented reflects all discontinued operations separately from continuing operations.

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## 7. OTHER BALANCE SHEET ITEMS

	1992	1991
Notes and Accounts Receivable		
Trade receivables, less allowances of 38.3 (1991-40.2)	598.3	734.0
Other receivables, less allowances of 1.0 (1991-.8)	92.1	157.4
	690.4	891.4
Inventories		
Raw and packaging materials	179.3	221.3
In process	76.2	74.9
Finished products	324.7	370.1
General merchandise	59.8	57.9
Less: Adjustment of certain inventories to a last-in/first-out (LIFO) basis	(47.1)	(54.2)

592.9      670.0

Other assets

Receivable due from insurance carriers (Note 2)	358.3	208.0
Prepaid pension costs	229.2	199.7
NMC patient relationships, less accumulated amortization of 109.7 (1991-61.4)	184.8	194.3
Deferred income taxes	137.1	-
Deferred charges	108.1	74.4
Long-term receivables, less allowance of 8.4 (1991-4.5)	103.5	49.8
Long-term investments	68.2	75.9
Energy services equipment (less accumulated amortization in 1991 of 165.2)	-	108.1
Other	87.2	46.3

1,276.4      956.5

During 1992 and 1991, Grace entered into agreements to sell up to 345.0 and 275.0, respectively, of interests in designated pools of trade receivables. At December 31, 1992 and 1991, 307.9 and 211.1, respectively, had been received pursuant to such sales, portions of which amounts are reflected as reductions to trade accounts receivable. Included in the trade receivables sold at December 31, 1992 are 50.0 of Grace Energy trade receivables, which have been reflected as a reduction in net assets of discontinued operations.

Under the terms of these agreements, new interest in trade receivables are sold as collections reduce previously sold trade receivables. There is no recourse to Grace, nor is Grace required to repurchase any of the trade receivables in the pools; if certain trade receivables in the pools prove to be uncollectible, other trade receivables are substituted (to the extent available). Costs related to these sales are expensed as incurred. There were no gains or losses on these transactions.

Inventories valued at LIFO cost comprised 22.9% of inventories at December 31, 1992 and 22.2% at December 31, 1991.

## 8. PROPERTIES AND EQUIPMENT

	1992	1991
Land	59.2	66.5
Natural resource properties	-	822.0
Buildings	801.3	822.0
Machinery, equipment and other	2,199.1	2,965.2
Projects under construction	231.4	332.6
Properties and equipment, gross	3,291.0	5,008.3
Accumulated depreciation, depletion		



and amortization	(1,583.1)	(2,450.1)
Properties and equipment, net	1,707.9	2,558.2

Interest costs have been incurred in connection with the financing of certain assets prior to placing them in service. Capitalized interest interest costs in 1992, 1991 and 1990 were 20.4, 21.4 and 15.2, respectively.

Depreciation and amortization expense relating to properties and equipment amounted to 241.4, 245.6 and 236.3 in 1992, 1991 and 1990, respectively.

Grace's rental expense for operating leases amounted to 83.5, 71.9 and 66.6 in 1992, 1991 and 1990, respectively. See Note 10 for information regarding contingent rentals.

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At December 31, 1992, minimum future payments for operating leases were:

1993	69.6
1994	58.9
1995	48.9
1996	41.9
1997	38.9
Later years	150.8
Total minimum lease payments	409.0

The above minimum lease payments include sublease income of 3.2 for 1993 through 1997 and 17.2 in later years.

In 1992, a critical raw material supplier to Grace's fumed silica plant in Belgium was effectively denied a previously promised permit for by-product disposal, resulting in the shutdown of the supplier's plant and/or take other actions requiring significant additional investment. Consequently, Grace closed its plant and in the third quarter of 1992 recorded a one-time provisions of 140.0 reflecting the impairment of the plant's value and certain additional expenses. This provision could be offset in part by recoveries from litigation, the renegotiation of certain contracts relating contracts relating to the plant and/or the sale of the plant.

## 9. INVESTMENTS IN AND ADVANCES TO AFFILIATED COMPANIES

Included in Grace's continuing operations at December 31, 1992 are equity interest of 50% or less in companies engaged in health care services and pulp and paper manufacturing. Certain of Grace's other investments are being accounted for as discontinued operations; see Note

6. In 1992, Grace sold a portion of its interest in Japanese company specializing in packaging, resulting in a decrease of its interest from 20.0% to 5.6%.

During 1991, Grace acquired a 47% common equity interest in a company that serves hospitals and other health care institutions and decreased its interest in a Colombian pulp and paper manufacturing company from 38.3% to 36.2%.

A summary of financial information of affiliated companies (100% basis is set forth below:

	1992	1991
Current assets	297.4	310.2
Noncurrent assets	305.6	413.6
Current liabilities	150.6	160.6
Noncurrent liabilities	184.2	252.1
Net assets	268.2	311.1
Grace investments and advances	115.8	193.7

	1992	1991	1990
Net Sales	370.5	355.6	300.8
Net income	(1.4)	20.4	21.2
Grace equity in earnings	2.8	7.6	7.0
Distributions/Dividends received	5.0	4.0	.3

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#### 10. DEBT

	1992	1991
<b>Short-Term Debt</b>		
Bank borrowings (4.3% weighted average interest rate at year-end 1992)(1)	170.6	-
Commercial paper (4.1% weighted interest rate at year-end 1992)(1)	25.0	-
Current maturities of long-term debt	50.7	160.3
Other short-term borrowings(2)	218.4	306.0
	464.7	466.3

#### Long-Term Debt



Bank borrowings (4.3% and 5.9% weighted average interest rate at year-end 1992 and 1991, respectively)(1)	510.0	984.0
Commercial paper (5.9% weighted average interest rate at year-end 1991) (1)	-	175.3
Liquid Yield Option Notes (LYONs)(3)	351.2	324.7
6.25% Convertible Subordinates Debentures Due 2002(4)	150.0	150.0
7.75% Notes Due 2002(5)	150.0	-
6.5% Notes Due 1995(6)	150.0	-
Sundry indebtedness with various maturities through 2003	87.4	81.0
Industrial revenue bonds with various maturities through 2007	6.6	13.4
Promissory notes at 9.0% due through 1998	-	131.0
Promissory notes at 10.375% due 1997	-	94.0

1,405.2    1,953.4

Less amounts due within one year included in short-term debt(7)	50.7	160.3
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1,354.5    1,793.1

Full-year weighted average interest rate in total debt	6.7%	8.6%
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(1) Prior to September 1992, all commercial paper and bank borrowings, although short-term in nature, were classified as long-term borrowings because of the availability of long-term financing under Grace's then existing credit agreements and Grace's intent to refinance these borrowings on a long-term basis. In the third quarter of 1992, Grace replaced its principal bank revolving credit agreement with a new bank revolving credit agreement under which it may borrow up to 1,255.0 at interest rates based upon the prevailing prime, federal funds and or Eurodollar rate. Of the 1,255.0 715.0 is available under a 364-day facility and 510.0 is available under a three-year facility. At December 31, 1992 borrowings of 250.0 were outstanding under the revolving credit agreement and are included in long-term borrowings above. 455.6 was reserved to support commercial paper and other bank borrowings outstanding at December 31, 1992, leaving net unused credit facilities of 519.4. Grace's ability to borrow the maximum amounts available under these facilities is subject to compliance with certain covenants.

(2) Represents various lines of credit miscellaneous borrowings, primary of non-U.S. subsidiaries.

(3) In 1991, Grace completed the public offering of 1,012.5 principal amount at maturity of LYONs at an issue price of 308.32 per 1,000 principal amount at maturity, for gross proceeds of approximately 312.0. There are no periodic payments of interest: however, interest is accrued from the date of issue. The LYONs are (a) convertible into common stock at the rate of 8.916 shares per 1,000 principal amount at maturity; (b) redeemable at the option of Grace, subject to certain restrictions with respect to partial redemptions and conditions relating to redemptions prior to May 16, 1993; and (c) subject to rights of the



holders to require Grace to purchase LYONs in 1996 and 2001.

(4) Convertible into one share of common stock for each 42.125 principal amount. Grace has entered into a swap contract maturing in 1999, which has effectively converted the interest on these Notes to a variable rate based on LIBOR. The effective rate in 1992 was 4.4%.

(5) During the third quarter of 1992, Grace sold at par 150.0 of 7.75% Notes Due 2002. Interest is payable semiannually and the Notes may not be redeemed prior to maturity. Concurrent with the issuance of these Notes, Grace entered into an interest rate swap agreement, which has effectively converted the interest on these Notes through maturity to a variable rate based on LIBOR. The effective interest rate in 1992 was 4.4%.

(6) During the fourth quarter of 1992, Grace sold 150.0 of 6.5% Notes Due 1995 at an initial public offering price of 99.758% of their principal amounts, to yield 6.59%. Interest is payable semiannually and the Notes may not be redeemed prior to maturity. Grace has entered into a swap contract maturing in 1995, which has effectively converted interest on these Notes to a variable rate based on LIBOR. The effective interest rate in 1992 was 4.2%.

(7) Proceeds of 125.0 received in January 1992 from the divestment of the specialty textiles business were used to repay bank borrowings. As a result, 125.0 of such borrowings is included in short-term debt 1991.

Grace's subordinate debentures and the LYONs listed above (representing aggregate borrowings of 502.2 at December 31, 1992) contain provisions under which payment of the borrowings may be accelerated at the lenders' option in the event of a change in control. Payment of substantially all of Grace's borrowings may be accelerated, and its principal borrowing agreements terminated, upon the occurrence of a default under other Grace borrowings.

Scheduled maturities of debt outstanding at December 31, 1992 are: 1993-50.7; 1994-4.7; 1995-154.2; 1996-5.1; and 1997-3.7.

Grace has guaranteed certain lease obligations of previously divested businesses. The leases, some of which extend to 2015, have future minimum lease payments aggregating 155.0, including 79.7 relating to The Restaurant Enterprises Group, Inc. (REG). In 1992, Grace provided REG with several forms of financial support to assist it in meeting liquidity and other financial requirements. At December 31, 1992, this support consisted of a 46.7 letter of credit support facility expiring in 1994. Additionally, Grace is the guarantor or named tenant on lease obligations having future minimum lease payments aggregating 50.2, as to which Channel Home Centers, Inc., a previously divested business, has been released. Offsetting this is 43.2 of future minimum rental income from subtenants, and Grace continued to attempt to sublease the remaining properties and believes its ultimate exposure is not material.



Interest expense for 1992, 1991 and 1990 amounted to 113.4, 140.9 and 159.8, respectively. Interest payments made in 1992, 1991 and 1990 amounted to 4166.8, 263.9 and 219.2, respectively.

In January 1993, Grace sold 300.0 of 7.4% Notes Due 2000 at par. Interest is payable semiannually and the Notes may not be redeemed prior to maturity. Concurrent with the issuance of these Notes, Grace entered into an interest rate swap agreement, which has effectively converted interest on these Notes through maturity to a variable rate based on LIBOR. The net proceeds from the sale of these Notes were used to repay commercial paper and bank borrowings.

#### 11. MINORITY INTERESTS

In December 1992, Grace Cocoa Associates, L.P. (LP), formerly a general partnership named Grace Cocoa that was wholly owned by two Grace entities, admitted two additional Grace entities as general partners and also admitted one new limited partner. As a result of the admission of these new partners, the total capital of LP increased to 1,430.5, which included a 300.0 cash contribution made by the new limited partner, 297.0 of which was funded by outside investors. LP's assets consist of Grace Cocoa's worldwide cocoa and chocolate business, long-term notes and demand loans due from various Grace entities, which are guaranteed by W.R. Grace & Co. and its principal operating subsidiary, and cash. The cash contribution from the new limited partner was initially lent by LP to the principal operating subsidiary of W.R. Grace & Co. and was used to retire certain domestic borrowings and for general corporate purposes. Four Grace entities serve as general partners of LP and own general partner interests totalling 79.03% in LP; the new limited partner owns a 20.97% limited partner interest in LP. LP is a separate and distinct legal entity from each of the Grace entities and has separate assets, liabilities, business functions and operations. For financial reporting purposes, the assets, liabilities, results of operations and cash flows of LP are included in Grace's consolidated financial statements and outside investor's interest in LP is reflected as a minority interest.

Minority interests reflected in the 1991 consolidated balance sheet consist primarily of the former publicly held minority interest in Grace Energy.

#### 12. SHAREHOLDERS' EQUITY

The weighted average number of share of common stock outstanding during 1992 was 89,543,000 (1991 - 87,236,000; 1990 - 85,879,000).

W.R. Grace & Co. is authorized to issue 300,000,000 shares of common stock. Of the common stock unissued at December 31, 1992, approximately 22,677,000 shares may be issued or delivered upon the conversion and/or redemption of convertible debt securities and the exercise of stock options or grant of share awards. In addition, at December 31, 1992, 112,568,000 shares were reserved in connection with Common Stock

Purchase Rights (Rights). A Right is issued for each outstanding share of common stock; the Rights are not and will not become exercisable unless and until certain events occur, and at no time will the Rights have any voting power.

Preferred stocks authorized, issued and outstanding are:

Shares as of December 31, 1992

	Authorized and Issued	In Treasury	Outstanding
6% Cumulative (1)	40,000	3,536	36,464
8% Cumulative Class A (2)	50,000	33,244	16,756
8% Noncumulative Class B (2)	40,000	18,415	21,585

(TABLE CONTINUED)

	Par Value of Shares Outstanding		
	1992	1991	1990
6% Cumulative (1)	3.6	3.6	3.6
8% Cumulative Class A (2)	1.7	1.7	1.7
8% Noncumulative Class B (2)	2.2	2.2	2.2
	7.5	7.5	7.5

(1) 160 votes per share.

(2) 16 votes per share.

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Dividends paid on the preferred stocks amounted to .5 in each of 1992, 1991 and 1990.

The Certificate of Incorporation also authorizes 5,000,000 shares of Class C Preferred Stock, 1 par value, none of which has been issued.

### 13. STOCK INCENTIVE PLANS

Changes in outstanding common stock options are summarized below:

1992		1991	
Number	Average	Number	Average
of Shares	Exercise Price	of Shares	Exercise Price



Balance at beginning of year	6,112,248	32.01	7,172,775	24.91
Options granted	1,445,300	37.77	2,901,793	39.27
	7,557,548		10,074,568	
Options exercised	(1,132,863)	25.29	(2,052,421)	23.48
Options terminated or canceled	(59,498)	27.97	(1,909,899)	25.54
Balance at end of year	6,365,187	35.09	6,112,248	32.01

(TABLE CONTINUED)

	1990	
	Number	Average
	of Shares	Exercise Price
Balance at beginning of year	5,649,402	26.29
Options granted	1,842,900	20.50
	7,492,302	
Options exercised	(75,597)	22.06
Options terminated or canceled	(243,930)	24.41
Balance at end of year	7,172,775	24.91

At December 31, 1992, options covering 4,025,840 shares (1991 - 3,690,088, 1990 - 6,183,534) were exercisable and 3,087,994 shares (1991 - 4,637,368, 1990 - 6,459,670) were available for the granting of additional options.

Prior to 1991, certain optionees had stock appreciation rights under which the optionee could, in lieu of exercising an option, request its cancellation and, without payment, receive cash or shares of common stock having a market value equal to the difference between the exercise price of the option and the market price of the common stock. Upon cancellation, the shares covered by the option, less the shares issued, if any, would become available for future grants.

In 1991, certain executive officers surrendered all or a portion of their outstanding stock options in exchange for shares of common stock equal in value to the excess of (1) the market value of the option shares at the date of surrender over (2) the purchase price of the option shares. The shares received upon surrender were subject to restrictions on transfer. The officers surrendering options generally were granted an equal number of new options with a purchase price equal to 110% of the fair market value of the common stock on the date of grant. Subject to certain exceptions, such options may not be exercised for five and

one-half years, at which time they become exercisable in five annual installments.

In addition, a restricted stock program provides for the award of shares of common stock to certain employees based on the achievement of preestablished earnings targets. Shares covered by an award generally may not be sold (except to Grace) until the shares "vest" (in four annual installments); in the case of shares sold to Grace, the proceeds may not be received by the employee until the shares would have vested. In certain circumstances (including termination of employment for any reason other than death, disability, retirement or termination without cause), the shares not then vested (and/or proceeds from the sale of unvested shares) are forfeited.

#### 14. PENSION PLANS

Grace maintains defined benefit pension plans covering employees of certain units who meet age and service requirements. Benefits are generally based on final average salary and years of service. Grace funds its U.S. pension plans in accordance with Federal laws and regulations. Non-U.S. pension plans are funded under a variety of methods because of differing local laws and customs and therefore cannot be summarized. Approximately 51% of U.S. and non-U.S. plan assets at December 31, 1992 were common stocks, with the remainder primarily fixed income securities.

Pension (benefit)/cost is comprised of the following components:

	1992		1991	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Service cost on benefits earned during the year	15.1	11.1	17.7	15.1
Interest cost on benefits earned in prior years	38.8	20.5	37.4	19.7
Actual return on plan assets	(25.4)	(37.9)	(100.1)	(36.4)
Deferred (loss)/gain on plan assets	(37.1)	10.8	39.6	10.0
Amortization of net gains and prior service costs	(10.0)	(5.5)	(9.3)	(3.4)
Net pension (benefit)/cost	(18.6)	(1.0)	(14.7)	5.0

(TABLE CONTINUED)

	1990	
	U.S.	Non-U.S.
Service cost on benefits earned during the year	15.1	15.9
Interest cost on benefits earned in prior years	33.2	22.3

Actual return on plan assets	(18.7)	13.1
Deferred (loss)/gain on plan assets	(43.7)	(41.8)
Amortization of net gains and prior service costs	(14.4)	(5.6)
Net pension (benefit)/cost	(28.5)	3.9

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The funded status of these plans was as follows:

	1992		1991	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Actuarial present value of benefit obligations:				
Vested	454.7	163.6	378.0	160.1
Accumulated benefit obligation	458.5	176.1	381.8	165.3
Total projected benefit obligation	513.7	240.4	472.4	229.3
Plan assets at fair value	767.9	288.5	786.8	273.5
Plan assets in excess of projected benefit obligation	254.2	48.1	314.4	44.2
Unamortized net gain at initial adoption	(108.6)	(14.3)	(120.3)	(19.0)
Unamortized prior service cost	17.6	4.2	18.8	4.5
Unrecognized net gain	(26.7)	(21.0)	(89.9)	(20.3)
Prepaid pension cost	136.5	17.0(1)	123.0	9.4(1)

(1) Includes 80.7 in 1992 and 74.5 in 1991 of prepaid pension costs.

The following significant assumptions were used to calculate the pension (benefit)/cost in 1992, 1991 and 1990:

	U.S.	Non-U.S.
Discount rate	9.0%	6.0-13.0%
Expected long-term rate of return	9.0	6.0-11.0
Rate of compensation increase	6.0	3.5-7.5



In calculating the pension benefit for the U.S. pension plans in 1993, Grace will use a discount rate of 8.0%. The other significant assumptions will remain the same. It is estimated that lowering the discount rate by one percent point will increase the projected benefit obligation for the U.S. plans by approximately 67.8.

As a result of classifying certain operations as discontinued and divesting other operations, Grace recognized an increase in the net prepaid pension benefit of 6.2, 10.9 and 5.1 in 1992, 1991 and 1990, respectively. In addition, Grace settled certain pension obligations of one of its non-U.S. plans which resulted in gains of .7 and 11.8 in 1992 and 1991, respectively, and settled certain pension obligations of its U.S. plans which resulted in a gain of 15.4 in 1990.

Grace's Retirement Plan for Salaried Employees (Plan) contains provisions under which the Plan would automatically terminate in the event of a change in control of W.R. Grace & Co., and Plan benefits would be secured through the purchase of annuity contracts. Upon such termination, a portion of the Plan's excess assets would be placed in an irrevocable trust to fund various employee benefit plans and arrangements of Grace, and any balance would be returned to Grace.

#### 15. OTHER POSTRETIREMENT BENEFIT PLANS

Grace provides certain other postretirement health care and life insurance benefits for retired employees of specified U.S. units. These retiree medical and life insurance plans provide benefits to employees who retire from Grace after age 55 with at least 10 years of service. The plans are currently unfunded.

Effective January 1, 1992, Grace adopted SFAS No. 106, which requires the accrual method of accounting for the future costs of postretirement health care and life insurance benefits over the employees' years of service. The "pay as you go" method of accounting, used prior to 1992, recognized these costs on a cash basis. The adoption of SFAS No. 106 on the immediate recognition basis, concurrent with the adoption of SFAS No. 109, resulted in a charge to 1992 earnings of 190.0, net of 98.0 of deferred income taxes. In addition, the application of SFAS No. 106 resulted in a decrease of 5.1 in 1992 after-tax earnings from continuing operations. Grace's cash flow, however, is unaffected by implementation of SFAS No. 106, as Grace will continue to pay the costs of postretirement benefits as they are incurred. Included in noncurrent liabilities as of December 31, 1992 are the following:

1992

Accumulated postretirement benefit obligation:

Retirees	140.2
Fully eligible participants	19.4
Active ineligible participants	40.4

Accumulated postretirement benefit obligation	200.0
Unrecognized prior service benefit	75.2

Accrued postretirement benefit obligation	275.2
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Net periodic postretirement benefit cost for the year ended December 31, 1992 is comprised of the following components:

1992

Service cost	6.8
Interest cost on accumulated benefit obligation	21.1
Amortization of prior service benefit	(3.0)
Net periodic postretirement benefit cost	24.9

The costs of these benefits (cash basis) to Grace's continuing operations were approximately 7.4 and 7.5 for 1991 and 1990, respectively. As a result of classifying certain operations as discontinued during 1992, Grace recognized a reduction of the accrued postretirement benefit obligation of approximately 23.5, which is included in the reserve for discontinued operations.

During 1992, the retiree medical plans were amended to increase cost sharing by employees who retire after January 1, 1993. This amendment is expected to decrease the accumulated postretirement benefit obligation by 75.2 and will be amortized over an average future service life of approximately 14 years.

The medical care cost trend rates were projected at 12.7% in 1992, declining to 6% through 2001 and remaining level thereafter. The effect of a one percentage point increase in each year's assumed medical care cost trend rate, holding all other assumptions constant, would be to increase the annual net periodic postretirement benefit cost by 3.0 and the accumulated postretirement benefit obligation by 28.1. The discount rate for 1992 was 9%.

## 16. FINANCIAL INSTRUMENTS

In the normal course of business, Grace is a party to financial instruments with off-balance sheet risk. Exposure to market risk on interest rate and foreign currency contracts results from fluctuations in floating rate indices and currency rates, respectively, during the periods in which the contracts are outstanding. The counterparties to Grace's interest rate swap and currency exchange agreements consist of a diversified group of major financial institution. Grace is exposed to credit risk to the extent of nonperformance by these counterparties; however, management believes the risk of incurring losses related to credit risk is remote.



At December 31, 1992, the carrying value of financial instruments such as cash, short- and long-term investments and trade receivables and payables approximate their fair values, while short- and long-term debt are as follows:

	Carrying Amount	Fair Value
Short-term debt	464.7	464.7
Long-term debt	1,354.5	1,400.9

The fair values can vary with market conditions and are estimated based on quoted market prices or by obtaining quotes from brokers. The carrying value and respective value of interest rate and foreign currency contracts were not material.

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# 17. INDUSTRY AND GEOGRAPHIC SEGMENTS

Industry Segment Information (1)	Specialty	Health Chemicals	Care
Sales and Revenues	1992	3,475	1,275
	1991	3,480	1,060
	1990	3,524	921
Pretax Operating Profit	1992	295(2)	176
	1991	441	143
	1990	443	116
Identifiable Assets	1992	2,342	1,095
	1991	2,614	1,016
	1990	2,701	958
Capital Expenditures	1992	239	52
	1991	231	46
	1990	299	41
Depreciation and Amortization	1992	172	65
	1991	174	61
	1990	163	57

(TABLE CONTINUED)



EDGARPlus(TM) FORM-TYPE: ARS FILING-DATE: April 1, 1993

Industry Segment Information(1)	Unallocated		Items	Total
	Other	Corporate Businesses		
Sales and Revenues		768	-	5,518
	1,030	-	5,570	
	1,060	-	5,505	
Pretax Operating Profit		22	(269)(3)	224
	82	(270)(3)	396	
	70	(279)(3)	350	
Identifiable Assets		577	1,585(4)	5,599
	559	1,818(4)	6,007	
	669	1,899(4)	6,227	
Capital Expenditures		57	50(4)	398
	69	101(4)	447	
	41	133(4)	514	
Depreciation and Amortization		26	9	272
	33	8	276	
	30	16	266	

Geographic Segment Information(1)	United			Europe
	States	Canada		
Sales and Revenues	1992	3,286	136	1,617
	1991	3,100	141	1,863
	1990	3,023	134	1,919
Pretax Operating Profit	1992	420	2	(17)(2)
	1991	339	10	219
	1990	308	11	197
Identifiable Assets	1992	2,377	84	1,170
	1991	2,302	92	1,393
	1990	2,231	86	1,618

(TABLE CONTINUED)

Geographic Segment Information(1)	Unallocated		Items	Total
	Other	Corporate		
Sales and Revenues	479	-	5,518	
	466	-	5,570	
	429	-	5,505	

Pretax Operating Profit	88	(269)(3)	224
	98	(270)(3)	396
	113	(279)(3)	350

Identifiable Assets	383	1,585(4)	5,599
	402	1,818(4)	6,007
	393	1,899(4)	6,227

(1) Certain 1991 and 1990 information has been reclassified to conform with the 1992 presentation.

(2) Includes a provision of 140 covering a fumed silica plant in Belgium.

(3) Unallocated Corporate Items include:

	1992	1991	1990
Interest expense	(113)	(141)	(160)
General corporate overhead expenses	(64)	(63)	(63)
General corporate research expenses	(62)	(56)	(50)
Net gain on strategic restructuring	-	6	-
Other expense, net	(30)	(16)	(6)
Total	(269)	(270)	(279)

(4) Includes discontinued operations. Capital expenditures are included only for the periods prior to the classification of a business as a discontinued operation.

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## FINANCIAL AND STATISTICAL REVIEW

### QUARTERLY SUMMARY

Unaudited - dollars in millions, except per share

Quarter Ended	March 31	June 30
1992(1)		
Sales and revenues	1,211.3	1,332.3
Cost of goods sold and operating expenses	(770.7)	(811.9)
Income/(loss) from continuing operations	22.3	59.8
(Loss)/income from discontinued operations	(19.4)	(161.0)
Cumulative effect of accounting changes	(190.0)	-

EDGARPlus(TM) FORM-TYPE: ARS FILING-DATE: April 1, 1993

Net (loss)/income	(187.1)	(101.2)
Earnings per share:		
Continuing operations	.25	.67
Cumulative effect of accounting changes	(2.12)	-
Net (loss)/earnings	(2.10)	(1.13)
Fully diluted earnings per share:		
Continuing operations	- (4)	.63
Net (loss)/earnings	- (4)	(.94)
Dividends declared per common share	.35	.35
Market price of common stock: (2)		
High	45	38 1/2
Low	37 3/4	33 3/8
Close	40 3/4	34
1991(1)		
Sales and revenues	1,352.4	1,401.3
Cost of goods sold and operating expenses	(898.6)	(903.8)
Income from continuing operations	34.5	61.8
Net income	30.8	57.6
Earnings per share:		
Continuing operations	.40	.71
Net earnings	.36	.66
Fully diluted earnings per share:		
Continuing operations	.39	.67
Net earnings	.35	.63
Dividends declared per common share	.35	.35
Market price of common stock:(2)		
High	32	35
Low	23 3/8	28 3/4
Close	29 3/4	33 5/8

(TABLE CONTINUED)

Quarter Ended	September 30	December 31
1992(1)		
Sales and revenues	1,406.0	1,568.6
Cost of goods sold and operating expenses	(874.9)	(1,044.0)
Income/(loss) from continuing operations	(82.7) (3)	80.0
(Loss)/income from discontinued operations	.6	(4.1)
Cumulative effect of accounting		



changes	-	-	
Net (loss)/income	(82.1)	75.9	
Earnings per share:			
Continuing operations	(.92)	.89	
Cumulative effect of accounting changes	-	-	
Net (loss)/earnings	(.92)	.84	
Fully diluted earnings per share:			
Continuing operations	- (4)	.81	
Net (loss)/earnings	- (4)	.77	
Dividends declared per common share	.35	.35	
Market price of common stock:(2)			
High	38 1/2	40 3/4	
Low	32	34	
Close	37 5/8	40 1/4	
1991(1)			
Sales and revenues	1,333.0	1,483.2	
Cost of goods sold and operating expenses	(846.2)	(896.8)	
Income from continuing operations	55.6	91.0	
Net income	49.6	80.6	
Earnings per share:			
Continuing operations	.63	1.03	
Net earnings	.57	.91	
Fully diluted earnings per share:			
Continuing operations	.60	.95	
Net earnings	.54	.85	
Dividends declared per common share	.35	.35	
Market price of common stock:(2)			
High	39 1/2	40 3/4	
Low	31 7/8	34 1/4	
Close	37 1/2	39 1/2	

(1) Amounts have been restated to conform to the year-end 1992 presentation.

(2) Principal market: New York Stock Exchange.

(3) Includes a provision of 140.0 covering a fumed silica plant in Belgium.

(4) Not presented as the effects is anti-dilutive.

QUARTERLY STATISTICS  
Unaudited - dollars in millions

Quarter Ended      March 31    June 30    September 30    December 31

1992 (1)

Sales and Revenues (2)

Specialty Chemicals	696.0	790.4	824.2	922.9
Health Care	289.0	309.0	332.3	344.9
Other Businesses	174.7	168.2	190.8	233.8

Total	1,159.7	1,267.6	1,347.3	1,501.6
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Operating Income After

Taxes (3)				
Specialty Chemicals	38.9	65.3	65.7 (4)	92.1
Health Care	20.6	25.6	27.8	31.7
Other Businesses	3.6	6.1	2.2	2.5

Total	63.1	97.0	95.7	126.3
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1991 (1)

Sales and Revenues (2)

Specialty Chemicals	703.6	770.0	753.6	855.9
Health Care	241.9	259.5	271.0	288.1
Other Businesses	200.2	171.4	182.4	227.5

Total	1,145.7	1,200.9	1,207.0	1,371.5
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Operating Income After

Taxes (3)				
Specialty Chemicals	48.2	71.1	69.0	85.3
Health Care	16.5	20.5	21.5	24.4
Other Businesses	8.5	8.6	6.5	11.3

Total	73.2	100.2	97.0	121.0
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(1) Amounts have been restated to conform to the year-end 1992 presentation.

(2) Excludes sales of divested businesses; therefore, the total does not agree with sales and revenues in the Consolidated Statement of Operations.

(3) Excludes divested businesses, and amounts are computed before minority interests and the allocation of corporate research, corporate overhead and corporate interest. For this table, taxes are computed substantially on a separate return basis for each subsidiary and division. In the case of each U.S. subsidiary and division, tax

benefits for operating losses, if any, are recognized currently.

(4) Excludes a provision of 140.0 covering a fumed silica plant in Belgium.

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# WORLDWIDE OPERATIONS

Dollars in millions

	Sales and Revenues(1)		
	1992	1991	1990
United States/Canada			
Specialty Chemicals	1,692	1,623	1,635
Health Care	1,229	1,029	897
Other Businesses	315	327	315
Total	3,236	2,979	2,847
Europe			
Specialty Chemicals	1,109	1,055	998
Health Care	45	31	24
Other Businesses	406	408	399
Total	1,560	1,494	1,421
Pacific			
Specialty Chemicals	300	298	260
Health Care	-	-	1
Other Businesses	45	45	47
Total	345	343	308
Latin America/Other			
Specialty Chemicals	133	107	108
Other Businesses	2	2	1
Total	135	109	109
Subtotal	5,276	4,925	4,685
Divested Businesses	242	645	820
Total Continuing Operations	5,518	5,570	5,505

(TABLE CONTINUED)

	Operating Income After Taxes(1)(2)		
	1992	1991	1990



EDGARPlus(TM) FORM-TYPE: ARS FILING-DATE: April 1, 1993

United States/Canada				
Specialty Chemicals	137	130	127	
Health Care	98	78	62	
Other Businesses	4	4	2	
Total	239	212	191	
Europe				
Specialty Chemicals	71 (3)	95	87	
Health Care	8	5	5	
Other Businesses	8	20	19	
Total	87	120	111	
Pacific				
Specialty Chemicals	40	39	37	
Health Care	-	-	-	
Other Businesses	3	4	7	
Total	43	43	44	
Latin America/Other				
Specialty Chemicals	14	9	13	
Other Businesses	(1)	7	7	
Total	13	16	20	
Subtotal	382	391	366	
Divested Businesses	16	10	16	
Total Continuing Operations	398	401	382	

(1) 1991 and 1990 amounts have been restated to conform to the 1992 presentations.

(2) Computed before minority interests and the allocation of corporate research, corporate overhead and corporate interest. For this table, taxes are computed substantially on a separate return basis for each subsidiary and division. In the case of each U.S. subsidiary and division, tax benefits for operating losses, if any, are recognized currently.

(3) Excludes a provision of 140 covering a fumed silica plant in Belgium.

CAPITAL EXPENDITURES, NET FIXED ASSETS AND DEPRECIATION AND LEASE AMORTIZATION(1)  
Dollars in millions

	Capital Expenditures		
	1992	1991	1990

Operating Group

EDGARPlus(TM) FORM-TYPE: ARS FILING-DATE: April 1, 1993

Specialty Chemicals	215	194	249
Health Care	52	46	41
Other Businesses	57	60	28
Subtotal	324	300	318
General Corporate	28	43	33
Total Continuing Operations	352	343	351
Divested Businesses	24	44	61
Discontinued Operations	22	60	102
Total	398	447	514

Geographic Location			
United States/Canada	202	209	165
Europe	102	72	127
Other Areas	20	19	26
Subtotal	324	300	318
General Corporate	28	43	33
Total Continuing Operations	352	343	351
Divested Businesses	24	44	61
Discontinued Operations	22	60	102
Total	398	447	514

(TABLE CONTINUED)

Net Fixed Assets

	1992	1991	1990
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Operating Group			
Specialty Chemicals	1,147	1,142	1,095
Health Care	221	205	199
Other Businesses	240	217	177
Subtotal	1,608	1,564	1,471
General Corporate	96	85	54
Total Continuing Operations	1,704	1,649	1,525
Divested Businesses	4	213	347
Discontinued Operations	-	696	590
Total	1,708	2,558	2,462

Geographic Location			
United States/Canada	976	902	820
Europe	509	531	526
Other Areas	123	131	125
Subtotal	1,608	1,564	1,471

General Corporate	96	85	54
Total Continuing Operations	1,704	1,649	1,525
Divested Businesses	4	213	347
Discontinued Operations	-	696	590
Total	1,708	2,558	2,462

(TABLE CONTINUED)

	Depreciation and Lease Amortization		
	1992	1991	1990
Operating Group			
Specialty Chemicals	152	146	133
Health Care	38	36	33
Other Businesses	26	24	21
Subtotal	216	206	187
General Corporate	7	6	13
Total Continuing Operations	223	212	200
Divested Businesses	18	34	36
Discontinued Operations	-	-	-
Total	241	246	236

Geographic Location			
United States/Canada	130	126	115
Europe	71	66	60
Other Areas	15	14	12
Subtotal	216	206	187
General Corporate	7	6	13
Total Continuing Operations	223	212	200
Divested Businesses	18	34	36
Discontinued Operations	-	-	-
Total	241	246	236

(1) 1991 and 1990 amounts have been restated to conform to the 1992 presentation.

## FINANCIAL SUMMARY

Dollars in millions, except per share amounts



	1992	1991	1990
<b>Income Statement</b>			
Sales and revenues	5,518.2	5,569.9	5,504.6
Cost of goods sold and operating expenses	3,501.5	3,545.4	3,593.7
Depreciation and amortization	272.2	275.9	265.6
Interest expense	113.4	140.9	159.8
Research and development expenses	150.6	149.8	146.5
Income from continuing operations before income taxes and minority interests	224.4 (1)	395.7	350.2
Income taxes	145.0	152.8	123.2
Income from continuing operations	79.4	242.9	220.0
(Loss)/income from discontinued operations	(183.9)	(24.3)	(17.2)
Cumulative effect of accounting changes	(190.0)	-	-
Net (loss)/income	(294.5)	218.6	202.8
<b>Financial Position</b>			
Current assets	2,091.4	1,990.0	2,380.1
Current liabilities	1,639.6	1,622.1	1,680.1
Properties and equipment, net	1,707.9	2,558.2	2,462.1
Total assets	5,598.6	6,007.1	6,226.5
Total debt	1,819.2	2,259.4	2,285.9
Shareholders equity-common stock	1,537.5	2,017.7	1,905.0
<b>Data Per Common Share</b>			
Earnings from continuing operations	.88	2.78	2.56
Cumulative effect of accounting changes	(2.12)	-	-
(Loss)/earnings	(3.29)	2.50	2.36
Dividends	1.40	1.40	1.40
Book value	17.10	22.77	22.14
Average common shares outstanding (thousands)	89,543	87,236	58,879
<b>Other Statistics</b>			
Dividends paid on common stock	125.4	122.0	120.2
Capital expenditures	398.4	447.0	513.7
% Total debt to total capital	49.7%	51.6%	52.4%
Common shareholders of record	20,869	21,949	23,327
Common stock price range	45-32	40 3/4-23 3/8	33 5/8-17
Number of employees (thousands)	44.1	49.3	52.2

(TABLE CONTINUED)

	1989	1988
<b>Income Statement</b>		
Sales and revenues	4,910.3	4,631.3
Cost of goods sold and operating expenses	3,258.2	3,080.3
Depreciation and amortization	231.5	201.2
Interest expense	139.9	104.8
Research and development expenses	124.0	118.5
Income from continuing operations before income taxes and minority interests	285.1	322.9
Income taxes	83.2	124.5
Income from continuing operations	194.4	188.1
(Loss)/income from discontinued operations	58.8	40.7
Cumulative effect of accounting changes	-	4.8
Net (loss)/income	253.2	233.6
<b>Financial Position</b>		
Current assets	2,166.3	2,028.1
Current liabilities	1,589.1	1,498.1
Properties and equipment, net	2,220.0	2,028.3
Total assets	5,619.1	5,190.2
Total debt	2,016.7	1,816.6
Shareholders equity-common stock	1,722.9	1,543.6
<b>Data Per Common Share</b>		
Earnings from continuing operations	2.28	2.22
Cumulative effect of accounting changes	-	.06
(Loss)/earnings	2.97	2.75
Dividends	1.40	1.40
Book value	20.16	18.18
Average common shares outstanding (thousands)	85,193	84,629
<b>Other Statistics</b>		
Dividends paid on common stock	119.2	118.6
Capital expenditures	484.6	418.1
% Total debt to total capital	51.7%	52.7%
Common shareholders of record	26,457	27,012
Common stock price range	39 1/8-25 1/8	29 7/8-23 1/2
Number of employees (thousands)	49.7	45.7

(1) Includes a provisions of 140.0 Covering a fumed silica plant in Belgium.

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## OFFICERS

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J. Peter Grace

## PRESIDENT AND CHIEF EXECUTIVE OFFICER

J.P. Bolduc

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Joseph R. Wright, Jr.

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Elwood S. Wood, Grace Printing Products

#### CORPORATE SECRETARY

Robert B. Lamm

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Officer, Ingersoll-Rand Company (manufacturing)

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(insurance)

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Corporation (banking)

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D. Walter Robbins, Jr., Consultant to W.R. Grace & Co., Retired  
Chairman of the Executive Committee

Eugene J. Sullivan, Chairman Emeritus, Borden, Inc. (foods consumer  
and industrial goods)

Grace Sloane Vance, Educational, cultural and philanthropic activities

David L. Yunich, Consultant to W.R. Grace & Co., Retired Vice Chairman  
R.H. Macy & Co., Inc. (department store)

#### PRINCIPAL BOARD COMMITTEES

Audit: Messrs. Duffy, Eckmann\*5 Holmes, Phipps; Dr. Frick

Compensation, Employee Benefits and Stock Incentives: Messrs. Eckmann

Erhart, Lynch, Macauley, Puelicher, Pyne\*, Yunich

Corporate Responsibility: Messrs. Holmes, Yunich; Mrs Vance\*, Dr Frick

Nominating: Prince ; Mrs Vance, Dr Dacey

(\*) Chairman

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#### SHAREHOLDER INFORMATION

##### ANNUAL & QUARTERLY SEC REPORTS

Copies of Grace's Annual Report on Form 10-K and Quarterly Reports on  
form 10-Q may be obtained by writing to W. R. Grace & Co., Attention:  
Annual/Quarterly Report Fulfillment, One Town Center Road, Boca Raton,  
FL 33486-1010 or calling (407) 362-1380.

##### ANNUAL MEETING OF SHAREHOLDERS

Monday, May 10, 1993, 10:30 a.m.  
Boca Raton Marriott-Crocker Center  
5150 Town Center Circle  
Boca Raton, Florida

#### SHAREHOLDER ASSISTANCE

Information regarding shareholder accounts, dividend payments, stock transfer and related matters should be directed to our transfer agent as follows:

CHEMICAL BANK  
450 West 33rd Street  
New York, NY 10001  
(800)648-8392

#### TRADEMARKS

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The Grace 1992 Annual Report financial text was printed on Strathmore Renewal Natural, 80lb. stock, a recycled and recycled and recyclable paper.

The Grace 1992 Annual Report was produced via web offset printing process; utilizing box at flotation dryers produced by Grace's TEC System unit

Illustrations by Kevin Sprouls

Design: Bloch Graulich Wbelan Inc/ New York

DCN: 01037044

LANGUAGE: ENGLISH

LOAD-DATE: November 17, 1997